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October 5, 2015

Records Center
 Washington Utilities and Transportation Commission
 1300 S. Evergreen Park Drive SW
 Olympia, WA 98504

Re: U-144155 – Cascade Natural Gas’s Comments

Cascade Natural Gas Corporation’s (Cascade’s or Company’s) files the following responses to the questions contained in the Washington Utilities and Transportation Commission’s (WUTC’s or Commission’s) Notice of Opportunity to Submit Written Comments, issued on September 4, 2015, in Docket No. U-144155.

Question No. 1

Please provide the three most recent years of data regarding the number of corrected bills issued for under-billed amounts due to meter failure or malfunctions, or unassigned energy usage meters that exceeded six months in duration. Please provide the information in the following format:

Year	Residential		Non Residential		Total Revenue
Number of accounts issued corrected bills exceeding six months	Total amount billed in excess of six months	Number of accounts issued corrected bills exceeding six months	Total amount billed in excess of six months	Company’s total revenue	Number of accounts issued corrected bills exceeding six months
2012					
2013					

2014					

Response:

Because the Company does not track under-billed reads with a unique field order type, we have no system record of the number of occurrences, the reason for the occurrences, or the results of the investigations for such billing anomalies.

Questions No. 2

Please provide the three most recent years of data regarding the number of corrected bills issued for under-billed amounts due to all other billing errors (excluding meter tampering, fraud and estimated bills.) Examples include: corrected bills for incorrect prorated bills; mislabeled meter bases; incorrectly installed meters; incorrect billing rate schedules; and incorrect billing multipliers. Please provide the information in the following format:

Year	Residential		Non Residential		Total Revenue
	Total amount billed in excess of six months	Number of accounts issued corrected bills exceeding six months	Total amount billed in excess of six months	Company's total revenue	Number of accounts issued corrected bills exceeding six months
2012					
2013					
2014					

Response

As stated in response to question number 1, the Company does not have a way to retrieve the requested data from its billing system.

Question 3

3. The rationale for requesting the exclusion of non-residential customers from the six month billing correction limitation is unclear.
 - a. Please provide additional rationale and examples of why it is important to exclude non-residential customers.

- b. Please provide an explanation of the terms "small business customer," "commercial customer," "large commercial customer," and "industrial customer."
- c. Please provide the following additional data regarding seasonal commercial customers. Also, please provide an explanation of how seasonal commercial customers pose a problem for companies to identify and correct billing problems.

Year	Seasonal Commercial Customers		Total Revenue
	Number of accounts issued corrected bills exceeding six months	Total amount billed in excess of six months	Seasonal customer revenue
2012			
2013			
2014			

Response

- a. Errors with residential bills are more easily detected than errors with nonresidential bills because residential customers typically have an easily identifiable and fairly consistent annual load curve. A residential customer may have a fairly constant baseline load from a water heater and a more substantial heating load that increases as the weather gets cooler. Gas drier usage and stovetops do not use enough gas to create significant deviations in the residential load profile.

By contrasts non-residential customers do not have a typical load profile. A non-residential customer may use gas for heating or for an industrial process. Adding or subtracting working hours or production runs could significantly change a non-residential customer's usage. Nonresidential customers' usage responds to economic and market factors specific to that customer and not only weather. Because they may have atypical usage patterns when compared with either their own historic use or to other nonresidential customers, detecting metering or billing errors through exception reporting is much more difficult.

- b. The definitions of customer types are in the Company's tariff. The following definitions provided are paraphrased from the Company's Washington Tariff, Rule 2, Sheet No. 6.
 - Small Business Customer is not a term that Cascade uses in its tariff.
 - Commercial Customer refers to a natural gas customer who engages in selling, warehousing or distributing a commodity in some business activity or profession, or in some form of economic social activity (office, stores, clubs, hotels, etc.).

- Large Commercial Customer is also not a term used in the Company's tariff. We do not differentiate the commercial class of customers by the volume of their demand.
 - Industrial Customer refers to a natural gas customer who is engaged in a process which creates or changes raw or unfinished materials into another form or product. For example, factories, mills, machine shops, mines, oil wells, refineries, pumping plants, creameries, canning and packing plants, shipyards, etc.
- c. The term "seasonal" is not used in the Company's tariff but is used conversationally to refer to spikes in usage that are experienced during certain times of the year. For instance, wineries and other agricultural customers may have seasonal spikes in demand, but these spikes vary from year-to-year based on a number of factors such as the crop being grown¹ and the crop yield. These customers are nonresidential and the explanation provided in response to (3)(a) applies.

As stated in response to question number 1, the Company does not have a way to retrieve the requested data from its billing system.

Question No. 4

Please provide the most recent three years of data for corrected bills related to over-billing.

Year	Residential		Non Residential	
	Number of accounts issued refunds exceeding six months	Total amount of refunds in excess of six months	Number of accounts issued refunds exceeding six months	Total amount of refunds exceeding six months
2012				
2013				
2014				

Response

Because the Company does not track over-billed reads with a unique field order type, we have no system record of the number of occurrences, the reason for the occurrences, or the results of the investigations for such billing anomalies.

¹ In order to manage soil health, crops grown change systematically.

Questions No. 5

Please describe all current procedures in place to prevent and identify billing errors resulting from: incorrect prorated bills; mislabeled meter bases; incorrectly installed meters; incorrect billing rate schedules; or incorrect billing multipliers.

Response

The Company has the following processes and procedures for preventing and identifying billing errors:

1) Exception Reporting

A daily report listing abnormally high or low reads is automatically generated when a read is 90% lower or higher than the expected bandwidth of normal usage. Expected usage is 0.4 to 2.5 times estimated usage based on the demand at the premise for the prior three years. This report notifies the Company of any dead meter, including meters that are functional but have not usage, and meters registering usage where there is no customer of record. The report is manually reviewed and anomalies are investigated.

The investigation may be a manual review of that customer's historical usage or it may be a physical check of the meter. The analyst reviewing the report determines the necessary action for the bill in question.

2) Unidentified Usage -When unidentified energy usage is discovered through exception reporting, the Company places a door hanger on the premise asking the occupant to establish service within 48 hours. If service is not established within that timeframe, the service is disconnected.

3) Meter Testing – In compliance with WAC 480-90-348 and Rule 7 in the Company's tariff, the Company systematically and repeatedly tests a statistical sample of its meters for compliance to the 2% tolerance established in WAC 480-90-338.

4) Testing New Rates –When new rates are entered into the customer billing system, they are entered into a test environment and are verified before they are transferred live to the billing system.

5) Estimated Bills - When bills are estimated, we follow the procedure of using the usage patterns for the same timeframe for the prior three years

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If you have any questions regarding this report, please contact me at (509) 734-4593.

Sincerely,

A handwritten signature in blue ink that reads "Michael Parvinen". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Michael Parvinen

Director, Regulatory Affairs