CASCADE NATURAL GAS CORPORATION®
A Subsidiary of MDU Resources Group, Inc.

April 13, 2017

Public Utility Commission of Oregon
Attn: Filing Center
201 High St SE
PO Box 1088
Salem OR 97308-1088

RE: AR 601, CNGC Final Comments on Severe Weather Moratorium Rulemaking

Cascade Natural Gas Corporation (Cascade or Company) provides the following final comments in response to the conversation that ensued at the April 5, 2017, Hearing on the Severe Weather Moratorium Rules filed in Docket No. AR 601.

Cascade submitted comments in AR 601 both informally through comments and emails to Phil Boyle, and formally through comments submitted to the filing center. The Company also participated in the Staff's workshop held on September 28, 2016.

During this rulemaking proceeding, Cascade has stated it does not believe the severe moratorium rule is necessary as each utility foregoes involuntary disconnections during severe weather. Since parties would like something more concrete than leaving this in each utility's discretion, the Company does not oppose having a rule, but has urged that the rule be concise to ensure uniform and unquestionable compliance.

The Company specifically raised concern with the introduction of the term, Winter Protection Plan. In comments filed on November 23, 2016, Cascade said,

> Cascade would prefer that the Commission not introduce winter protection plans into the rule. This is a new concept introduced by Idaho Power as something they offer because it is required in Idaho; this was not discussed by all parties as something that might be adopted into the rule as an option. Had Cascade known that it might be included in the rule, the Company would have provided comments on it. Cascade's experience in Idaho has proved that the declaration process for qualifying as "at-risk" is difficult to administer and leads to customer deception. Cascade also believe a customer who is under the protection of a voluntary seasonal moratorium should be required to provide proof that he/she has received energy assistance. Extending protection of disconnection to customers who can pay harms all other customers. In areas where seasonal moratoriums are offered or required, customers who understand the time value of money take advantage of them, not just customers who

cannot pay. Cascade thinks this idea has been introduced without consideration from all parties for the boundaries or requirements such a program should have.

If this option is retained, and again, Cascade strongly requests that is not retained, it would make sense to use words that better define the option besides "winter protection program." A suggestion is "voluntary winter moratorium." "Winter protection program" is not a defined term in the OARs but is borrowed from other states without the benefit of more context.

Cascade's concerns did not result in revisions to the final draft rule that was discussed at the Hearing, but the Company conceded in comments filed February 2, 2017, that it is able to comply with the draft rule.

The Company now focuses its comment on the questions and comments Judge Patrick Power made at the Hearing on April 5, 2017. Judge Power questioned the meaning of the term "Winter Protection program." The draft rule says a winter protection plan is a seasonal moratorium on disconnections for nonpayment offered to homes with occupants who are 18 years or younger, 65 years old or older, or physically infirm. If such a seasonal moratorium is offered to customers based on their qualifying age or health status, the daily severe cold weather moratorium for all other customers is effective at 25 degrees rather than 31 degrees. The logic for this difference was not discussed either during the docket or at the Hearing.

Judge Power asked Phil Boyle, wouldn't a utility be imprudent not to file to have a winter protection plan? Whether intentional or not, the wording of the question implies that, yes, a utility without a winter protection plan would be imprudent. Phil Boyle did not answer the question and the question was not further explored. If the language on winter protection programs is retained, Cascade would like to understand the Judge's view on prudence as it relates to having a winter protection program. The Company's question for clarity is in earnest because a statement regarding prudence within the context of utility regulation is wrought with meaning and its implications could have tentacles.

As a courtesy, Cascade offers its view without the benefit of fully understanding Judge Power's stand on this issue. Cascade does <u>not</u> believe a winter protection program would be a wise customer service decision for all its customers nor does it see having a winter protection plan as being the more financially prudent choice presented in the draft rule. The program could lead to more customers being in debt as it trains customers who can pay to not pay. The program has no requirement that a household prove it is low income and does not require either partial payments or the application of bill pay assistance. Customers "protected" by the program are likely to accrue very high bills that may be difficult to pay and may lead to disconnection in early spring. Non-qualifying, paying customers will bear the burden of the poor payment practices and the spring spike in involuntary disconnects that will result from a winter protection program as described in section (8) of the draft rule. This is what the Company's affiliate, Intermountain Gas Company, has experienced with its winter protection plan offered in its Idaho service territory.

The winter protection program is not the better customer service choice. Choosing the winter protection plan is a disadvantage to low income households that do not meet the age or health criteria for the winter protection plan, but who struggle to pay for heat during weather that is below freezing but higher than 25 degrees.

Overall, the Company believes the winter protection program has not been fully vetted and is an unnecessary addition to the severe weather moratorium rule. If it is retained as drafted, the Company would choose not to offer the winter protection program, but in light of comments that question a utility's prudence, the Company requests clarification. Is the rule offering utilities two routes for compliance while the Commission will only support one?

The Company appreciates the opportunity to seek clarification and submit these final comments in AR 601.

If you have any questions about this filing, please contact Jennifer Gross at (509)734-4465.

Sincerely,

Mike Parvinen
Director, Regulatory Affairs