

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: NATURAL GAS SERVICE – CURRENT BILLING ISSUES	DOCKET NO. NOI-01-1
---	---------------------

**ORDER OPENING EMERGENCY INQUIRY,
ASKING QUESTIONS, AND SCHEDULING WORKSHOP**

(Issued March 22, 2001)

This year, customers of Iowa's natural gas investor-owned utilities experienced a winter of unusually high natural gas commodity prices and a November-December period that was unusually cold. This combination of events sent utility purchased gas costs, utility bills, and utility revenues to record highs. These events have affected all natural gas customers, some of whom do not have the financial resources to manage the resulting increase in household expenses. As a result, some customers have been unable to pay their natural gas utility bills in full.

The Utilities Board (Board) rules contain requirements regarding the availability of payment agreements for customers unable to pay their bills in full, see 199 IAC 19.4(10). Those rules provide that when an existing residential customer cannot pay in full a delinquent bill for utility service, the utility must offer the customer an opportunity to enter into a reasonable agreement to pay that bill, unless the customer is in default on a payment agreement. Reasonableness of the payment agreement is determined by considering current household income, ability to pay,

payment history, the size of the bill, the amount of time and the reasons why the bill is outstanding, and any special circumstances creating extreme hardship in the household. At a minimum, utilities are required to offer each customer who is unable to pay their current bill in full at least one payment agreement giving the customer the option of spreading the past-due payments over at least 12 months, along with payment of current amounts due.

Some residential customers are unable to pay their utility bills even with a payment plan. These customers may then maintain service during the period November 1 through April 1 pursuant to the winter disconnection moratorium of Iowa Code § 476.20(2) (2001). Under this provision, natural gas utilities cannot disconnect service during the specified time period for a resident who is a head of household, as defined by law, and who has been certified to the public utility by the local agency which is administering the low income home energy assistance program or weatherization assistance program as being eligible for either program. This winter disconnection moratorium ensures continued service for these customers during the coldest winter months, but can result in a relatively large number of disconnections shortly after April 1 of each year. It appears likely the record utility bills of this winter could result in a record number of disconnections in April.

Since utility costs and revenues affecting natural gas customers during the 2000-01 heating season are unprecedented (including those still receivable by utilities from consumers), it is not clear that the Board's current rules offer sufficient options for customers. In order to evaluate the rules in the current environment, it is

necessary that the Board have more information regarding the precise effect of this winter's gas bills. Accordingly, the Board is opening this docket, directing all natural gas utilities providing retail service in Iowa to provide the Board with answers to the questions attached to this order, and scheduling a workshop where utilities, consumer representatives, and any other interested members of the public can discuss options for alleviating the impact of this winter's unusual gas bills.

Because the winter disconnection moratorium will end soon, the Board is requiring that the answers be filed within two business days, that is, on or before Monday, March 26, 2001. The Board understands that the utilities may not maintain their records in a format that will allow them to answer the questions precisely as asked; accordingly, the Board will accept answers that provide the best information available to the utility in the allowed time frame, so long as the answer is accompanied by an adequate explanation of the differences between the information requested and the information provided.

IT IS THEREFORE ORDERED:

1. A docket identified as Docket No. NOI-01-1, "Natural Gas Service – Current Billing Issues," is opened to investigate possible changes to utility billing practices to alleviate the impact of high natural gas bills on residential customers.
2. The Board will appoint Chuck Seel, Manager of the Board's Customer Service Section, to serve as manager of this inquiry.
3. All natural gas utilities providing retail service in Iowa are directed to file, on or before March 26, 2001, responses to the questions attached to this order,

as described in the body of this order. Responses shall be filed in accordance with 199 IAC 3.1(4), except that only an original and two copies need be filed; copies of all responses shall also be emailed to Mr. Seel at chuck.seel@iub.state.ia.us at the same time they are filed with the Board. Finally, a copy of all responses shall be served on the Consumer Advocate Division of the Department of Justice at the same time they are filed with the Board.

4. A public workshop will commence at 9:30 a.m. on Wednesday, March 28, 2001, in the Board hearing room at 350 Maple Street, Des Moines, Iowa, to discuss the responses to the questions attached to this order and options for alleviating the impact of this winter's unusual gas bills. Each natural gas utility providing retail service in Iowa shall have a representative in attendance. The Consumer Advocate and representatives of other consumer groups are invited to attend and participate fully.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Sharon Mayer
Acting Executive Secretary, Asst. to

/s/ Diane Munns

Dated at Des Moines, Iowa, this 22nd day of March, 2001.

QUESTIONS

1. Please provide the following information: Month-ended February 2001 total customer accounts receivables in arrears (in \$); update to month-ended March 2001 levels not later than April 10, 2001. How does this compare to the same month in 2000?
2. Month-ended February 2001 customer accounts receivables in arrears (in \$) for moratorium-protected customers; update to month-ended March 2001 levels not later than April 10, 2001. How does this compare to the same month in 2000?
3. Levels of months-ended February and March 2000 total customer accounts receivables in arrears (in \$). How does this compare to the same months in 2000?
4. Levels of months-ended February and March 2000 customer accounts receivables in arrears (in \$) for moratorium-protected customers. How does this compare to the same months in 2000?
5. Comment on the pros and cons of requiring utilities to extend second payment agreements to moratorium-protected consumers.
6. Comment on the pros and cons of allowing moratorium-protected consumers to extend second payment agreements beyond the beginning of the next moratorium period, if utilities were required in calendar year 2001 to offer moratorium-protected customers reasonable payment agreements using the same requirements as for first payment agreements.
7. Comment on the pros and cons of the reasonableness standards for first-term payment arrangements and whether or not this should be applied to some or all second payment arrangements.
8. Assuming that utility revenue levels were set in a period where second payment agreements were optional and where a moratorium-protected customer would be expected to bring their past due accounts receivables to a current status by the succeeding moratorium period, answer the following questions:
 - a. The expected incremental cost to utilities of extending repayment of accounts receivables into and/or beyond that time, if utilities were required to offer moratorium-protected customers reasonable payment agreements using the same requirements as for first payment agreements. The utility may choose to offer other options and their related cost consequences.

b. The after tax bottom-line effect on utilities of extending repayment of accounts receivables into and/or beyond that time, if utilities were required to offer moratorium-protected customers reasonable payment agreements using the same requirements as for first payment agreements. The utilities may choose to offer other options and their related after tax bottom-line effects.

c. If the Board were to allow the incremental effects to be recorded by utilities as regulatory assets, the estimated month-to-month dollar level of those assets for the next 24 months.

9. Comment on the pros and cons of imposing budget billing reconciliation increase limits in response to the large heating bills this winter.

10. Comment on the pros and cons of allowing customers to split a monthly bill into two payments without a late payment charge if the first payment is made by the original due date.

11. Comment on appropriate rule changes to respond to the circumstances created by the natural gas prices and usage during the 2000-01 heating season.