



July 15, 2020

Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri
65102

RE: File No. AW-2020-0356, In the Matter of a Working Case to Consider Best Practices for Recovery of Past-Due Utility Customer Payments After the COVID-19 Pandemic Emergency

To Whom It May Concern,

Summit Natural Gas of Missouri, Inc. hereby submits the following information and attachments in response to the Missouri Public Service Commission's request for comment issued on June 24, 2020 in File No. AW-2020-0356.

Sincerely,

/s/ Matthew Kaply

Matthew Kaply

Senior Director Regulatory Affairs and Rates

Summit Natural Gas of Missouri, Inc.

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Questions for Utilities
Case No. AW-2020-0356

1. What date did the company initiate the suspension of discontinuances of service as a result of the COVID-19 pandemic emergency?

Response: SNGMO suspended disconnections on March 15, 2020.

2. Please describe practices used prior to the suspension of customer discontinuances that were used to minimize past due accounts receivable.

Response: SNGMO's practice is to notify a customer of a disconnection via mail twenty-one days following the bill due date. A customer can be locked off for non-payment twenty-one days from the mailing of the disconnect notice. Prior to locking off the meter three attempts are made to reach the customer by phone or door hangers. If a customer has been locked off for non-payment or a customer has requested to stop service, a final bill is issued. Final billed customers are sent to an outside collection company and reclassified as uncollectable thirty-one days from final due date.

3. Please describe efforts made since the suspension of discontinuances to mitigate past due accounts receivable.

Response: SNGMO has provided several communications to customers encouraging them to contact our customer service team to discuss flexible payment arrangements or to visit our website for information on organizations that provide payment assistance.

SNGMO also implemented a direct mail/email campaign directed at customers with past due balances 60 days old or greater to provide a courtesy reminder of account status and to encourage the customer to pay the bill, set up a payment arrangement or reach out to one of the organizations listed on our website for utility payment assistance.

In addition, this identified customer group received outbound, person to person courtesy calls to discuss account past due balances payment options. All routine inbound caller accounts were reviewed for past due balances and our representatives worked with the customer for resolution.

4. Please provide examples of customer communication regarding changes in collection practices related to accounts subject to discontinuance.

Response: Please see "Attachment A – SNGMO Social Media Payment Options.pdf" and "Attachment B – SNGMO Customer Emails.pdf."



5. Please describe any changes in procedures related to customer payment arrangements since initiating the suspension of discontinuances of service.

Response: SNGMO has extended payment installments for residential and commercial customers up to six months outside the Cold Weather Rule timeline.

6. Please provide documentation of the number of customers with payment arrangements, on a monthly basis, by customer class, from March 2016 to 2020 YTD. For each period, provide the number of Cold Weather Rule and non-Cold Weather Rule payment arrangements for residential customers.

Response: Please see attachment “Attachment C - 2020-07-15 SNGMO Pay Arrangement”

7. Please describe the alternatives discussed by company management to collect past due accounts receivable without unduly burdening vulnerable customers when discontinuances of service are resumed. For each alternative, please describe the associated advantages and disadvantages. Please describe how alternatives to collect past due accounts receivable will be communicated to customers.

Response: SNGMO is providing extended payment installments up to six months for residential and commercial customers. In addition, modified budget bill plans are also being offered which allows customers to roll any current and outstanding balance into the plan.

The advantages of both programs allow customers to pay any outstanding balances over an extended payment term.

The disadvantage of both programs is that these repayment terms may not be extended long enough to accommodate a customer’s budget. SNGMO will review any individual requests beyond the extended payment period of six months.

These alternatives are delivered to the customer through bill inserts, email, social media and on-bill notices will be used in encouraging our customers to reach out to our customer service team to take advantage of our payment plan and budget bill options. Outbound and inbound calling will also be used to identify customers with past due accounts.

8. What criteria will be used to determine the timing for resuming discontinuances of service?

Response: SNGMO has already scheduled to resume discontinuances of service effective July 15, 2020. Customer notifications have been distributed. Standard practices will resume at that time following the process outlined in response #2.



9. If applicable, describe COVID-19 related changes to the company's community-funded assistance program (i.e. Dollar More, Dollar Help etc.). If eligibility requirements were modified in an effort to assist more customers, did the changes result in increased pledges on customer accounts, please explain.

Response: Not applicable to SNGMO.

10. Please identify the amount of revenues foregone as of June 30, 2020 due to the COVID pandemic by revenue type, such as late fees, reconnection fees, etc. (Note: This should not include any estimates of "lost revenues" due to a reduction in sales to customers attributable to the COVID pandemic or economic downturn, which is being requested separately below.) Also, please provide an estimation for the period of July 1, 2020 through December 31, 2020 for the revenues forgone.

Response: SNGMO has lost approximately \$33,000 of late fees through June 2020 and current estimations for July are approximately \$7,000. While it can be difficult to estimate, SNGMO estimates that \$37,000 has been lost in reconnection fees through June. Resumption of collections will be collected again effective July 15, 2020 and therefore SNGMO does not anticipated further foregone revenue.

11. Please provide the change in revenues on an overall basis, and by rate class, by month, starting with February 2020 through June 2020 and the amount attributable to the impacts of the COVID-19 pandemic. Also, please provide estimated revenue changes, by rate class for the period July 1, 2020 through December 31, 2020.

Response: Please see attachment "Attachment D - MO_AW-2020-0356-Question 11" illustrating estimated lost revenue due to lower volume because of COVID-19. For YTD through June, values were calculated as a variance to the average weather normalized usage in 2018 & 2019.

12. Please quantify for each of the following costs that has been incurred due to the COVID-19 pandemic to date: incremental bad debt expense, incremental costs to allow employees to work at home, additional cleaning expense, protective supplies for employees, costs related to new assistance programs implemented to aid customers with payment of bills, costs incurred for possible sequestration, and any other cost tracked by your utility. Also provide a current annual projection for each of these costs.

Response: SNGMO's parent company, Summit Utilities, Inc. (SUI) has incurred increased costs of \$17,200 for Personal Protective Equipment as well as \$2,000 for protective supplies. In addition, SUI has incurred approximately \$27,000 in equipment costs in order to allow employees to work from home. There have also been approximately \$44,000 through June in additional data expenses. These costs are incurred as shared services and apportioned to the different jurisdictions as needed.



Bad debt expense is accrued based on a percentage of revenues on a monthly basis. SNGMO has not made any adjustments to the bad debt expense accrual calculation through June 30, 2020 related to COVID-19 impacts. SNGMO is evaluating arrearages and will resume collection efforts in July, which will provide some additional information to make necessary adjustments to the bad debt expense accrual in upcoming months.

Due to the unknown circumstances of the impact COVID-19 will have on future periods, it is difficult to project the annualized costs for the categories discussed above. SNGMO is minimizing these expenses where possible but will spend the necessary amounts to continue providing a safe and productive working environment for its employees and customers.

13. Please quantify for each of the following categories the savings that has been realized due to the COVID-19 pandemic to date: external travel costs, external training costs, utilities expense for office use, or any other savings category tracked by your utility. Also provide a current annual projection for each of these savings categories.

Response: Please see attachment “Attachment E - MO_AW-2020-0356-Question 13” for travel, training and utilities savings. Estimated projected savings from July - September 2020 were calculated based on average % of actual savings from March - June 2020. There are no estimated savings projected from October - December as the company expects costs to be in line with prior year.

14. Please provide a detailed estimate/projection of any Covid-19 related costs that might be covered by governmental reimbursement programs (federal and/or state). Have applications been made for any federal or state grants, loans or other measures of assistance associated with the COVID pandemic? If so, please provide a list of such.

Response: Not applicable to SNGMO.

15. Are limitations being placed on hiring, salary/benefit increases, discretionary construction expenditures, etc. due to the COVID-19 pandemic or any other reason? If yes, please provide documentation setting out the reasons for and the terms of such limitations.

Response: SNGMO has not implemented any hiring limitations and does not currently have projections for future hiring freezes.

Although SNGMO has experienced challenges related to resources, supply chain, etc. due to the COVID-19 pandemic, construction expenditures in support of system safety, reliability and growth have proceeded without limitations.



16. Have employee layoffs occurred due to the COVID-19 pandemic? If so, how many employees were released? Have or will the implementation of any voluntary employee reduction programs in 2020 for Covid-19 or other reasons occur? If yes, please provide the timing of the program, and its rationale.

Response: SNGMO has not implemented any reduction programs or layoffs.

17. Please describe any programs now being implemented or planned to be implemented in the future to assist customers in returning to current status.

Response: SNGMO is extending payment terms up to six months for residential and commercial customers. Modified budget bill plans are also being offered that will allow customers to roll any current and outstanding balance into the budget bill plan.

18. Please describe any programs now being implemented or planned to be implemented in the future to assist the most vulnerable or at-risk customers.

Response: SNGMO is extending payment terms up to six months. The company will also monitor any requests for longer payment terms to consider if the existing terms should be expanded. Modified budget bill plans are being offered that will allow customers to roll any current and outstanding balance into the plan.

Additionally, SNGMO is also working with utility assistance organizations to provide the most up to date information for the most vulnerable customers to request support (LIHEAP).

19. For electric providers – Please provide any class changes in load overall and by customer class by month starting in February 2020.

Response: Not applicable to SNGMO.

20. Please provide, and update as appropriate, the timing of the company’s plans to restart collecting late fees from customers and when the company may begin disconnecting customers for non-payment.

Response: SNGMO will begin resuming collections as of July 15, 2020 as outlined in our notice letter to the Missouri Public Service Commission (GE-2020-0322) submitted on June 4, 2020.

21. If your utility has not already filed an application with the Commission requesting special accounting treatment of incremental COVID costs and/or “lost revenues,” do you plan to do so at some point in the future? If yes, please discuss the timing of the application and the types of financial impacts you would request be included.



Response: As of this date, SNGMO has not filed for special accounting treatment associated with incremental COVID costs and/or “lost revenues.” SNGMO is considering such an application, but has not yet established the timing, or what financial impacts would be included in such request.