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July 19, 2017

Mr. Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101

RE: ***In the Matter of Great Plains Natural Gas Co.'s 2016 Annual Gas Affordability Program Report*, Docket No. G004/M-17-254**

Reply Comments of Great Plains Natural Gas Co.

Dear Mr. Wolf:

On March 31, 2017, Great Plains Natural Gas Co. (Great Plains) submitted its annual Gas Affordability Program (GAP) Report in the above referenced docket. On June 26, 2017, the Minnesota Department of Commerce submitted comments regarding Great Plains' GAP Report (Department's Comments). On June 30, 2017, the Commission granted Great Plains' request that the Reply Comment period be extended to July 21, 2017. In accordance with the extended comments period, Great Plains respectfully submits the following Reply Comments in response to the Department's Comments.

Great Plains' Reply Comments are organized to respond to specific Sections of the Department's Comments as applicable to Great Plains. The Company has clarified the information previously submitted in some cases and has provided additional information in response to the Department's Comments as such information is available.

Section B. Payment Frequency - In its June 26 Comments, the Department notes all utilities except GMG must report the effect of the GAP on customer payment frequency, including a comparison of the payment frequency for customers in GAP to payment frequency before they were enrolled in GAP and to the payment frequency for LIHEAP grant recipients. The Department concluded, however, that while Great Plains complied with the requirement to analyze the effect of the program on payment frequency, it did not provide information showing the payment frequency for GAP customers before they were enrolled in GAP. The Department, therefore, requests that the Commission make its acceptance of Great Plains' annual report contingent on Great Plains providing "a comparison of the payment frequency for customers in GAP to payment frequency before they enrolled in GAP or, alternatively, identifying how their annual reports comply with this reporting requirement."

In its 2016 Report submitted on March 31, 2016, Great Plains reported Payment Frequency information for GAP participating customers and a sample of the LIHEAP group not participating in GAP. While Great Plains did not provide the payment frequency of the GAP customers before they were participating in GAP, the information provided is consistent with the information provided in Great Plains' previous Reports. Nevertheless, provided in Table 1 below is the payment frequency for GAP customers before they were enrolled in GAP. Finally, in response to the Department's Comments, Great Plains confirms that the data provided with respect to payment frequency represents the number of customer payments as compared to the number of bills issued and includes partial and late payments for each category of customers.

Table 1: Payment Frequency in 2016

GAP Customers	70%
Gap Customers before they were enrolled in GAP	68%
LIHEAP - Non-GAP Customers	37%

Section D. Arrears - In its June 26 Comments, the Department notes that utilities must report the effect of GAP on the number of customers in arrears and arrearage levels, with the effect on arrearage levels including the change in the arrearage level for the average GAP customer compared to the change for LIHEAP customers not enrolled in the GAP. These changes are to be compared to all residential customers. According to the Department, however, Great Plains did not comply with the requirement to report the program's effect on the number of customer in arrears. The Department, therefore, recommends that Commission make its acceptance of Great Plains' report contingent on it providing (1) the effect of its GAP on the number of customers in arrears or, alternatively, identifying how its annual report complies with this reporting requirement; and (2) the change in the arrearage levels for GAP customers, non-GAP LIHEAP customers, and all residential customers or, alternatively, identifying how its annual report complies with this reporting requirement.

In response to the Department's Comments, Table 2 below represents a (1) snapshot of arrears as independent subsets of the three residential customer groups and arrearage levels; and (2) the applicable change in number of accounts in arrears and the arrearage levels. This information includes accounts with collectible debt greater than 30 days old as of 12/30/2016, plus accounts with write off debt created during the 2016 GAP year. The average arrears dollars in the 2016 Report have been updated to reflect these specific subsets, counts and change in arrears from 2015 to 2016 and include all applicable customers in each subset.

The information provided below differs from the information reported for average arrears in dollars in Great Plains' 2015 and 2016 GAP Reports because (1) the data represents arrears for Residential customers only and not all customers as previously reported; and (2) the GAP sub group and the LIHEAP account excluding GAP participants reflects the total population and not just a sample of customers as previously provided.

Table 2: Change in Arrears

	2016		2015		% Change	
Category	**# of Accounts in Arrears**	**Average Arrears**	**# of Accounts in Arrears**	**Average Arrears**	**# of Accounts In Arrears**	**Average Arrears**
GAP Participants	5	$165.38	29	$349.42	-83%	-53%
LIHEAP (Non-GAP)	324	136.43	355	269.54	-9%	-49%
Residential (Non-GAP, non-LIHEAP)	4,849	78.36	4,037	83.00	-20%	-6%

Section E. Disconnections - In its June 26 Comments, the Department states that all utilities are required to report the effect of the GAP on service disconnections, including the percentage of GAP customers disconnected compared to the percentage of non-GAP LIHEAP customers disconnected and percentage of all firm customers disconnected. As the Department notes, Great Plains provided this information in its 2016 GAP Report on page 15. However, the Department stated that it is not clear whether the figures cited by "Great Plains refer to the disconnection rate of GAP customers minus the disconnection rate of comparison customers, the disconnection rate of comparison customers minus the disconnection of GAP customers, or something else."

In response to the Department's Comments, Great Plains provides the following clarifications:

a) The percentage of GAP customers disconnected compared to all GAP customers was 4.17%;
b) The percentage of non-GAP LIHEAP customers disconnected compared to all non-GAP LIHEAP customers equaled 10.68%; and
c) The percentage of all firm customers less GAP and less non-GAP LIHEAP customers disconnected compared to all firm customers less GAP and less non-GAP LIHEAP customers in 2016 was 2.40%.

Section F. Retention rates- In its June 26 Comments, the Department states that all utilities except GMG must, per the wording in their tariffs, report the effect of the GAP on retention rates, which the Department interprets as requiring the utilities to report information on the number of participating customers that remain in the program. The Department concludes, however, that Great Plains has failed to provide information regarding retention rates.

At page 15 of its 2016 Report, Great Plains reported that 28 participants were enrolled in GAP as of year-end. This represents a retention rate of 58% for program year 2016.

Section H. Collections- In its June 26 Comments, the Department noted that Great Plains should be reporting the effect of GAP on customer collection activity. In past Reports, Great Plains has not provided a summary of the effects of GAP on customer collection activity in its annual GAP reports. Great Plains has, however, provided this information in its periodic Evaluation Reports.

In response to the Department's Comments, however, the 2016 results indicate that the GAP has had a positive impact on customer payments and disconnections, which will have a positive impact on collection activity by reducing the need for such activities.

Section I. In its June 26 Comments, the Department requested that in future annual reports Great Plains provide more information about how often the Company communicated with low-income and conservation agencies during the year, the content of the communications and what was accomplished in terms of coordination. Great Plains agrees to provide additional discussion on these issues in future GAP annual reports.

Great Plains respectfully requests that the Commission consider the Reply Comments expressed above and accept Great Plains' 2016 Annual Gas Affordability Report.

If you have any questions, regarding this filing, please contact me at (701) 222-7856, or Brian Meloy, at (612) 335-1451.

Sincerely,

/s/ Tamie A. Aberle

Tamie A. Aberle
Director of Regulatory Affairs

cc: Brian Meloy