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July 21, 2025

Mike Bull
Interim Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

VIA ELECTRONIC FILING

Re: In the Matter of Minnesota Energy Resources Corporation's Gas
Affordability Program 2024 Annual Report, Docket No. G011/M-25-39

**Supplemental Reply Comments of Minnesota Energy Resources
Corporation**

Dear Mr. Bull:

On March 31, 2025, Minnesota Energy Resources Corporation ("MERC" or the "Company") filed its 2024 Gas Affordability Program ("GAP") Annual Report in the above-referenced docket. Additionally, in accordance with the Commission's August 14, 2023 Order in Docket No. G011/M-24-39, MERC provided a proposal and estimated costs to implement an automatic GAP enrollment program.¹

On April 25, 2025, the Minnesota Public Utilities Commission (the "Commission") issued a Notice of Comment Period and on May 22, 2025, the Minnesota Department of Commerce, Division of Energy Resources (the "Department") and Citizens Utility Board of Minnesota, the Legal Services Advocacy Project, and the Energy CENTS Coalition ("CUB, LSAP, and ECC") filed initial comments. On June 5, 2025, MERC filed Reply Comments, responding to each of the recommendations and requests for additional information from the Department and CUB, LSAP, and ECC.

On July 9, 2025, the Department filed Supplemental Comments, making three recommendations with respect to MERC:

1. In its next Annual Report, MERC must provide five years of actual numbers of monthly customers on [Low Income Home Energy Assistance Program (LIHEAP)], monthly customers on GAP, monthly number of new entrants on

¹ In compliance with the Commission's Order, MERC provided the following information in support of its proposal for an automatic GAP enrollment program: a. Current tracker balance; b. Current monthly spending rate, number of GAP participants, and percent of participants who leave or are removed from the program each month; c. An estimate or range of estimates of monthly GAP spending, if all customers who receive LIHEAP and who are eligible to participate in GAP based on their income and energy costs were to be enrolled, and an explanation of the assumptions made in calculating this estimate; d. Demonstration that automatic enrollment is not expected to result in the denial of the program to new enrollees or applicants within the first year of operation.

GAP, and the average monthly affordability credit payment (and costs if different).

2. The Department recommends that all utilities produce in a separate document, definitions of all terms and methodological statements for all statistics in the streamlined report and for the tracker.
3. MERC conduct additional outreach, including making notices available in languages other than English, social media announcements, or advertising.

MERC submits these Supplemental Reply Comments to respond to the Department's July 9, 2025 Supplemental Comments. MERC acknowledges these comments are being filed outside of the period set by the Commission's April 25, 2025 Notice of Comment Period and respectfully requests that the Commission consider these Supplemental Reply Comments.²

MERC also notes that recently enacted legislation modified the definition of low income in Minn. Stat. § 216B.16 to remove the requirement that households receive federal energy assistance to be eligible for utility affordability programs. Under the amended law, while LIHEAP continues to provide one method for verifying eligibility, the Commission now has authority to establish alternative enrollment pathways.³ The Commission has indicated it intends to initiate a generic proceeding to investigate implementation of those statutory changes and evaluate modifications to utility affordability programs.⁴ MERC's GAP automatic enrollment program as proposed in this docket involves the automatic enrollment of customers who have received LIHEAP and who are eligible for GAP. If MERC's automatic enrollment was expanded to include other eligibility pathways, significant changes would be required to implement those changes in the automatic enrollment program, which would increase the time and complexity of implementing the automatic enrollment program. At this time, MERC has not evaluated potential changes to implementation of the GAP automatic enrollment program, which is based on LIHEAP eligibility as originally proposed, consistent with MERC's current approved GAP.

² While the majority of the issues and recommendations raised in the Department's Supplemental Comments were already addressed in MERC's initial filing and Reply Comments, the Department made modified recommendations in its Supplemental Comments, which the Company addresses in these Supplemental Reply Comments.

³ "Low-income" means a household (1) that is approved as qualified for energy assistance from the low-income home energy assistance program; (2) with a household income that is 50 percent or less of the state median income; or (3) that meets another qualification established by the commission.

⁴ The Commission intends to delegate authority to the Executive Secretary to open a generic docket to investigate low-income-assistance eligibility considering, among other impacts, recent changes to Minnesota law and potential changes relating to funding or existence of federal assistance programs.

1. Additional Reporting on Monthly Data

First, the Department recommends that MERC provide, in its next annual GAP report, five years of actual numbers of monthly customers on LIHEAP, monthly customers on GAP, monthly number of new entrants on GAP, and the average monthly affordability credit payment (and costs if different).

The Department's rationale for requesting the additional monthly data is to develop what the Department considers to be a more fine-tuned estimate of the costs of MERC's proposed automatic enrollment program. As explained in the Company's initial filing and Reply Comments, the assumptions used to develop its estimated costs for automatic enrollment are reasonable based on currently available information and consistent with the Commission's Order in Docket No. G011/M-24-39.

It is not clear what value would be provided by attempting to further adjust the cost estimate using different assumptions, as suggested by the Department. Ultimately, the estimate is just an estimate, and actual costs will vary. The experience of the other two Minnesota utilities that have implemented automatic GAP enrollment support that reality. MERC developed a reasonable range of estimates of "monthly GAP spending if all customers who receive LIHEAP and who are eligible to participate in GAP based on their income and energy costs were to be enrolled," along with explanations of the assumptions made in calculating the estimate.

MERC does not support the Department's recommendation to provide five years of actual monthly customers on LIHEAP, monthly customers on GAP, monthly number of new entrants on GAP, and the average monthly affordability credit payments because recalculation of the projected annual cost of GAP automatic enrollment incorporating the five-years of historical data proposed by the Department would not necessarily result in a more accurate or reasonable cost estimate.⁵ The cost estimates already provided in support of MERC's automatic enrollment proposal are reasonable, supported, and address all requirements of the Commission's August 14, 2023 Order in Docket No. G011/M-24-39.⁶

⁵ Further, to the extent the Department wants to review this information for some other purpose, monthly data is already provided by the Company in its quarterly GAP compliance filings in Docket No. G011/M-22-154. In accordance with the Commission's August 8, 2022 Order Accepting 2021 GAP Reports, Approving Surcharge Modifications, and Setting Additional Requirements in Docket No. G011/M-22-154, MERC reports quarterly on the monthly number of LIHEAP and GAP customers compared to those numbers in the same months for the previous three years. Data in MERC's quarterly reports is provided back to January 2020 so more than five years of data is presented. Monthly affordability costs are reflected in MERC's GAP trackers, which are filed each year with the Company's GAP annual reports.

⁶ In its Supplemental Comments, Department suggests that the data and information supplied by the Company was not fully compliant with the Commission's Order. In support of this claim, the Department misstates the Commission's Order as requiring MERC to produce "monthly estimates of GAP spending that incorporates monthly changes in MERC's LIHEAP caseload." Department Comments at 5.

In its Supplemental Comments, the Department states that it is “uncertain why MERC would not simply use monthly LIHEAP and instead select only one month.”⁷ The Company explained this assumption in both its initial filing and Reply Comments. MERC plans to mass enroll all LIHEAP customers who are eligible for GAP based on LIHEAP customer data as of May 2026. LIHEAP applications close at the end of May, so this timing will result in MERC capturing the pool of eligible LIHEAP customers in the initial automatic enrollment. As a result, it is not necessary to account for monthly changes in LIHEAP caseload – the initial pool of customers eligible for automatic enrollment will include customers receiving LIHEAP in the current program year, regardless of whether the customer applied in December or April.

The Department also states it “is unclear as to why enrollments in LIHEAP at the start of the next period are not included in customer counts and the subsequent GAP costs.”⁸ While the Department refers to cyclicalities of GAP enrollments as potential evidence of cyclicalities of LIHEAP enrollments, MERC explained that while current uncertainty regarding the funding of LIHEAP could impact the number of LIHEAP recipients, historically, the number of MERC customers receiving LIHEAP has not varied significantly. Customers must re-apply for LIHEAP each LIHEAP program year. By computing projected costs based on potentially eligible LIHEAP customers as of July 2024, MERC’s estimate reasonably reflects customers who may be eligible for the initial mass enrollment. Those customers would then remain on GAP unless they default or request to be removed until their annual recertification, at which time a GAP participant will need to have reapplied for LIHEAP and continue to qualify for GAP based on their then-current income and most recent year’s gas bills.

The Department also continues to question why MERC did not incorporate variability in monthly estimates of affordability credit costs. As the Company explained in Reply Comments, “for each GAP customer, the affordability credit *does not vary month to month* once a customer is enrolled. Rather, MERC computes a monthly affordability credit that is *applied uniformly to the customer’s monthly bills throughout the year*.”⁹ As can be seen in MERC’s 2024 GAP tracker account, there is not significant variability in

However, the quoted language is nowhere in the Commission’s Order. Instead, the Commission’s Order required that MERC file:

- a. Current tracker balance;
- b. Current monthly spending rate, number of GAP participants, and percent of participants who leave or are removed from the program each month;
- c. An estimate or range of estimates of monthly GAP spending, if all customers who receive LIHEAP and who are eligible to participate in GAP based on their income and energy costs were to be enrolled, and an explanation of the assumptions made in calculating this estimate;
- d. Demonstration that automatic enrollment is not expected to result in the denial of the program to new enrollees or applicants within the first year of operation.

⁷ Department Supplemental Comments at 6.

⁸ Department Supplemental Comments at 7.

⁹ MERC Reply Comments at 13 (emphasis added).

monthly affordability credit costs under MERC's GAP.¹⁰ MERC computed its automatic enrollment cost estimate based on the five-year average of monthly customer affordability credits, which reflects a range of potential costs that will vary depending on the automatically enrolled customers' incomes and gas bills.

Although factors such as the timing and total number of LIHEAP recipients, the percentage qualifying for GAP, and recipients' income, gas bills, and arrears will influence the actual costs of MERC's GAP automatic enrollment, relying on five years of historical monthly trends under MERC's voluntary GAP program would not necessarily yield a more accurate or reasonable forecast. Customers who are automatically enrolled in GAP likely will have different characteristics than MERC's voluntary GAP participants and those differences may impact the cost of the automatic enrollment program. The Company has developed a reasonable estimate of forecasted costs, but it will be necessary to gain experience with the GAP automatic enrollment program to better understand how customer characteristics impact the cost of the program.

Annual GAP reports and MERC's agreement to make a filing when the program is on track to deplete its tracker balance within 6 months ensure that the Commission and interested parties have ample opportunity to evaluate actual GAP automatic enrollment costs being incurred. Just as Xcel proposed modifications to its GAP budget based on actual experience once its automatic enrollment program was implemented and Xcel gained experience actual cost impacts under automatic enrollment,¹¹ MERC will provide updates and propose adjustments if warranted.

2. Tracker and Streamlined Report Definitions

Second, the Department recommends that all utilities provide a document with definitions of all terms and methodological statements for all statistics in the streamlined report and for the tracker.

As discussed in the Company's Reply Comments, the Streamlined Report was developed by the Department to present uniform reporting metrics across the gas utilities and MERC believes the form and content of both the Streamlined Report (Attachment B) and the Company's GAP tracker (Attachment A) are clear. Nevertheless, to address the Department's request for additional clarity, MERC does not oppose including definitions and descriptions in its future GAP annual reports in the Streamlined Report and GAP Tracker.

¹⁰ Attachment A to MERC's 2024 GAP Annual Report.

¹¹ Docket No. G002/M-22-257, Xcel Energy GAP Tracker Balance and Proposal to Increase GAP Funding Level and Surcharge (Nov. 21, 2024).

3. Automatic Enrollment Customer Outreach

Finally, the Department recommends that MERC conduct additional outreach, including making notices available in languages other than English, social media announcements, or advertising. For example, the Department suggests that MERC consider online notices in languages other than English, networking with community groups to ask community leaders to inform residents about auto-enrollment and the GAP program, and including posts on social media.

MERC appreciates the Department's recommendation regarding enhanced outreach efforts. The Company recognizes the importance of ensuring that all eligible customers, including those whose first language is not English, are informed about auto-enrollment and the GAP program. MERC currently has information regarding GAP posted on its website and will incorporate information regarding automatic enrollment when approved. MERC's website containing information on payment arrangements¹² provides a hyperlink button that allows customers to view the website in Spanish.¹³ Additionally, Google Chrome has the capability to translate any webpage; as of March 2025, this feature supports translation of 240 unique languages and dialects. MERC also has bilingual Care Center Agents available to assist non-English language speakers, and the Care Center also utilizes the Language Line Service, which provides translation services for over 140 languages.

The Company also recognizes the important role of the Minnesota Department of Commerce and local service providers in administering energy assistance and reaching underserved populations. MERC will communicate the details of its GAP automatic enrollment program with the Department and community action agencies in the communities MERC serves so these agencies can assist customers who may have questions regarding GAP automatic enrollment. The Company is committed to ongoing communication and coordination to ensure customers who are eligible for automatic enrollment understand the program and their ability to opt out. Additionally, MERC will evaluate incorporating methods such as social media posts to ensure comprehensive and inclusive outreach.

¹² <https://www.minnesotaenergyresources.com/payment-bill/arrangements>.

¹³ Based on U.S. Census Bureau statistics, MERC determined that English and Spanish translations together would reach over 90% of Minnesota customers. See *In the Matter of an Inquiry into Actions by Electric and Natural Gas Utilities in Light of the COVID-19 Pandemic Emergency*, Docket No. E,G-999/CI-20-375, Compliance Filing of Minnesota Energy Resources Corporation at 2-4 (Oct. 15, 2020).

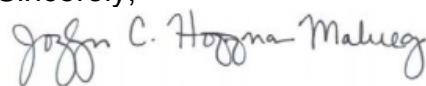
Conclusion and Recommendations

Based on the filings in this matter, MERC respectfully requests that the Commission:

- 1) accept the Company's 2024 Annual GAP Report as compliant with MERC's tariffs and Commission orders;
- 2) approve continuation of the three percent of income affordability credit approved in Docket No. G011/M-21-224;
- 3) approve MERC's proposal for automatic enrollment, as detailed in the Company's March 31 2025 Filing, and require MERC to monitor monthly spending from and income to the GAP program. If, and when, the program is on track to deplete its tracker balance within 6 months, MERC shall make a filing with the Commission that includes, at a minimum:
 - a. Tracker balance, income, and spending on a monthly basis for the previous 6 months and projected 6 months in the future;
 - b. An evaluation of possible modifications to avoid closure of the program, including modifying the affordability and arrearage forgiveness benefit amounts for participants, changing the program funding level/ surcharge, and other options the Company has considered; and
 - c. A proposal to avoid the projected negative tracker balance; and
- 4) allow MERC to petition in this docket for a change in the surcharge rate at any time within three years of implementation of the Company's automatic enrollment program.

Please contact me at (414) 221-4208 if you have any questions regarding the information in this filing. Thank you for your attention to this matter.

Sincerely,



Joylyn C. Hoffman Malueg
Senior Project Specialist
Minnesota Energy Resources Corporation

cc: Service List

**Minnesota Energy Resources Corporation's
2024 Gas Affordability Program Annual
Report**

Docket No. G011/M-25-39

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 21st day of July, 2025, on behalf of Minnesota Energy Resources Corporation (MERC) I electronically filed a true and correct copy of the enclosed Supplemental Reply Comments on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 21st day of July, 2025.

/s/ Kristin M. Stastny

Kristin M. Stastny

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1	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-39
2	John	Coffman	john@johncoffman.net	AARP		871 Tuxedo Blvd. St. Louis MO, 63119-2044 United States	Electronic Service		No	M-25-39
3	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-39
4	Brandon	Crawford	brandonc@cubminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota St Ste W1360 St. Paul MN, 55101 United States	Electronic Service		No	M-25-39
5	Ron	Elwood	relwood@mnlsap.org	Legal Services Advocacy Project		970 Raymond Avenue Suite G-40 Saint Paul MN, 55114 United States	Electronic Service		No	M-25-39
6	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-25-39
7	Joylyn C	Hoffman Malueg	joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources		2685 145th St W Rosemount MN, 55068 United States	Electronic Service		No	M-25-39
8	Annie	Levenson Falk	annielf@cubminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota Street, Suite W1360 St. Paul MN, 55101 United States	Electronic Service		No	M-25-39
9	Chris	Osowski	chris_osowski@usc.salvationarmy.org	Salvation Army		2080 Woodlynn Avenue Maplewood MN, 55109 United States	Electronic Service		No	M-25-39
10	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-39

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11	Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP		2200 IDS Center 80 South 8th Street Minneapolis MN, 55402 United States	Electronic Service		No	M-25-39