



414 Nicollet Mall  
Minneapolis, MN 55401

May 31, 2019

—Via Electronic Filing—

Daniel Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE: EVALUATION REPORT  
GAS AFFORDABILITY PROGRAM  
DOCKET NO. G002/M-19-\_\_\_

Dear Mr. Wolf:

Enclosed for filing is the Gas Affordability Program Evaluation Report of Northern States Power Company submitted in compliance with the May 22, 2017 Order in the above-noted docket..

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list.

Please contact Rebecca Eilers at [rebecca.d.eilers@xcelenergy.com](mailto:rebecca.d.eilers@xcelenergy.com) / 612-330-5570 or me at [bridget.dockter@xcelenergy.com](mailto:bridget.dockter@xcelenergy.com) / 612-337-2096 if you have any questions regarding this filing.

SINCERELY,

/s/

BRIDGET DOCKTER  
MANAGER, POLICY AND OUTREACH

Enclosures  
c: Service List

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Dan Lipschultz	Commissioner
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John Tuma	Commissioner

IN THE MATTER OF THE 2019  
EVALUATION OF NORTHERN STATES  
POWER COMPANY'S GAS  
AFFORDABILITY PROGRAM

DOCKET NO. G002/M-19-\_\_\_

**EVALUATION REPORT**

**INTRODUCTION**

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Report evaluating our Gas Affordability Program (GAP or Program). This report contains a financial evaluation of the program's cost-effectiveness from a ratepayer perspective, which compares total Low Income Energy Discount Rider costs to the total net savings, including cost reductions on utility functions such as the impact of the Rider on write-offs, service disconnections and reconnections, and collections activities.

Our analysis concluded that the Program continues to meet the statutory criteria; the report discusses our analysis in detail. We submit this report in compliance with the May 22, 2017 Order in Docket No. G002/M-16-493, our last GAP Evaluation Report proceeding, which required that our next evaluation report be due on or before May 31, 2019. In that Order, the Commission approved the continuation of the Program with no expiration date.

**REPORT**

**A. Background**

Xcel Energy proposed its pilot Program in November 2006 in compliance with Minn. Stat. § 216B.16, subd. 15. The Commission approved our Program, together with related Tracker accounts and adjustments to rates to fund anticipated participation levels in their September 10, 2007 FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER in Docket No. G002/GR-06-1429.

On June 1, 2012, we submitted our first GAP evaluation report, assessing the pilot Program. The Commission's October 26, 2012 Order approved our evaluation report, extended the Program through December 31, 2016, and required a financial evaluation to be submitted on May 31, 2016 before the Program term ended.

On May 31, 2016, we submitted the financial evaluation report in Docket No. G002/M-16-493. The Commission's May 22, 2017 Order in that docket required the Company to participate in a stakeholder workgroup to discuss if changes should be made to the GAP program. The resulting stakeholder report was submitted on May 22, 2018 and accepted by the Commission in its Order dated September 28, 2018. The Commission adopted a streamlined reporting format for the utilities' annual reports in that Order. The May 22 Order also requires the next program evaluation to be filed by May 31, 2019.

Our GAP tariff provides for annual reporting. Since we filed our last evaluation report, we filed annual reports on March 31, 2017 in Docket No. G002/M-17-253; March 30, 2018 in Docket No. G002/M-18-241; and March 29, 2019 in Docket No. G002/M-19-242.

## **B. Program Overview**

### *1. Program Design*

The Program is designed to lower the percentage of income that low-income households must devote to meet current energy bills, and to increase the number of customer payments while also providing a mechanism for assisting customers in paying off arrearage balances.

The GAP is available to any Minnesota Xcel Energy residential natural gas customer that is certified and receiving assistance from the Low Income Home Energy Assistance Program (LIHEAP) during the Program year. Qualified customers must agree to be placed on a levelized payment plan and a payment schedule.

The Program includes both Affordability bill credits and Arrearage Forgiveness components. The Affordability bill credit is determined by calculating the difference between the Company's estimate of the customer's annual natural gas bill, and four percent of the customer's household income. The Arrearage Forgiveness component applies a monthly matching credit to the customer's balance after payment is received. This monthly credit retires pre-program arrears over a period of up to 24 months.

## 2. Program Administration

Throughout the term of the Program, we have used Energy Cents Coalition (ECC) for Program administration; we also used ECC to administer our low income Conservation Improvement Programs (CIP). Order Point No. 4 of the Commission’s December 29, 2011 ORDER ACCEPTING GAS AFFORDABILITY PROGRAM REPORTS AND REQUIRING FURTHER ACTION requires utilities currently using a third-party to administer their programs to periodically assess whether this is the most effective and efficient arrangement.

The administration of the GAP program has been managed internally, with operations such as income verification and application processing being administered by a single third party provider. In accordance with the enabling Statute, Minn. Stat. § 216B.16, subd. 15,(b)(5), which requires that we coordinate the program with other available low-income bill payment assistance and conservation resources, we believe that using a single third-party provider for administration of our GAP and CIP programs provides positive benefits to customers, both from an efficiency perspective, as well as an ease-of-use/cross-utilization perspective.

## 3. Program Participation

Table 1 below provides a snapshot of our Program participation and disbursements over the evaluation period:

**Table 1**

	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total Participants</b>	10,116	10,114	8,224
<b>Active on December 31</b>	6,415	6,481	6,390
<b>Affordability &amp; Arrearage Forgiveness Credits</b>	\$2,344,790	\$1,624,854	\$2,224,152
<b>Total Program Administration Cost</b>	\$174,918	\$146,851	\$103,558
<b>Program Start-Up Costs</b>	\$0	\$0	\$0
<b>Total Program Costs</b>	\$2,519,708	\$1,771,705	\$2,327,710
<b>Program Funding</b>	\$2,084,441	\$2,365,476	\$3,003,349
<b>Tracker Balance on Dec 31</b>	\$64,710	\$658,482	\$1,334,120

Total Program participation for the 2016-2018 period declined 19 percent, with Program credits declining 5 percent; total Program costs, which includes participant credits, administration and start-up costs, declined 8 percent.

## C. Program Evaluation

In this section, we discuss our Program results compared to the criteria established in the enabling statute (Minn. Stat. § 216B.16, subd. 15) and our GAP tariff. The enabling statute states:

- (b) Any affordability program the commission orders a utility to implement must:
  - (1) lower the percentage of income that participating low-income households devote to energy bills;
  - (2) increase participating customer payments over time by increasing the frequency of payments;
  - (3) decrease or eliminate participating customer arrears;
  - (4) lower the utility costs associated with customer account collection activities; and
  - (5) coordinate the program with other available low-income bill payment assistance and conservation resources.

The statute further states:

- (c) In ordering affordability programs, the commission may require public utilities to file program evaluations that measure the effect of the affordability program on:
  - (1) the percentage of income that participating households devote to energy bills;
  - (2) service disconnections; and
  - (3) frequency of customer payments, utility collection costs, arrearages, and bad debt.

We have submitted our results in the above areas as part of our annual reports, and additionally discuss these results as part of our overall Program evaluation in this report. We note that we implemented annual reporting consistent with various Commission Orders in Docket No. G002/GR-06-1429, the September 29, 2015 Order in Docket No. G002/M-15-314, as well as the May 22, 2017 and September 28, 2018 Orders issued in Docket No. G002/M-16-493. Unless otherwise noted, we use the 2016-2018 period to perform our assessment of Program results.

1. *Lower the percentage of income that participating low-income households devote to energy bills.*

It is not possible to definitively know whether the Program lowered the percentage of income participants devote to energy bills because, for example, we do not know or have access to participants' income information. However, as described above, the Affordability and Arrearage Forgiveness bill credits lower participants' billing

amounts from what they would have been they had not participated in the Program. Assuming participant income levels remained the same, and because participating in the Program reduced participants' natural gas billing amounts; we believe the Program met this statutory requirement.

2. *Increase participating customer payments over time by increasing the frequency of payments.*

Over the 2016-2018 periods, total participants' payments compared to the total amounts billed percentages increased each year. This trend compares very similarly to non-GAP LIHEAP recipients over the same period. We summarize these results below:

**Table 2**

	<b>2016<sup>1</sup></b>	<b>2017</b>	<b>2018</b>
GAP Total Payment Requested	\$12,001,339	\$10,699,354	\$11,236,258
GAP Total Payment Received	\$6,748,145	\$10,430,639	\$11,038,010
GAP Percent of Payment Received	56%	97%	98%
LIHEAP non-GAP Total Payment Requested	\$19,058,815	\$17,398,739	\$21,587,381
LIHEAP non-GAP Total Payment Received	\$10,926,682	\$16,266,000	\$20,548,924
LIHEAP non-GAP Percent of Payment Received	57%	93%	95%

**Table 3**

	<b>2016</b>	<b>2017</b>	<b>2018</b>
GAP # of Payments Requested	10,116	95,606	96,056
GAP # of Payments Made	4,575	79,592	86,648
GAP Percent Made of Requested	45%	83%	90%
LIHEAP non-GAP # of Payments Requested	14,688	139,556	152,034
LIHEAP non-GAP # of Payments Made	9,300	108,525	122,967
LIHEAP non-GAP Percent Made of Requested	63%	78%	81%

The trend of total participants' payments compared to total amount billed is a positive development, as is the increased total number of required payments and the total number of payments made. Program participation appears to increase total payments and the frequency of payments for the period being evaluated.

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<sup>1</sup> We believe the lower payments and payment frequency in 2016 can be attributed to the electric Power ON program being closed through 2015, which made making payments more challenging for GAP customers who are also electric customers.

3. *Decrease or eliminate participating customer arrears.*

While there were exceptions, over the period, the average arrears for GAP participants' increased by 20 percent and non-GAP LIHEAP recipients' also increased by 20 percent. Arrears for all other natural gas customers significantly increased (15 percent) over the period.

**Table 4**

<b>Average Arrearage Level</b>	<b>2016<sup>2</sup></b>	<b>2017</b>	<b>2018</b>	<b>Change 2016-2018</b>
GAP Participants	\$600	\$676	\$717	20%
Natural Gas LIHEAP Customers Not Enrolled in GAP	\$428	\$394	\$512	20%
All Other Natural Gas Residential Customers (non-GAP, non-LIHEAP)	\$264	\$246	\$304	15%

Comparing the GAP and non-GAP LIHEAP recipient average arrears over the term, Program participation does not seem to have an effect on the level of average arrears. Arrears amounts increased at approximately the same rate for both GAP and non-GAP LIHEAP customers.

4. *Lower the utility costs associated with customer account collection activities.*

The costs associated with collection activities include a variety of activities. To evaluate the impact of the Program on collection activities, we identified two measureable areas: (1) issuing disconnection notices; and, (2) performing disconnections and subsequent reconnections

To determine the potential impact of the Program, we compare disconnection rates for Program participants compared to non-GAP LIHEAP recipients, and estimate the impact of the difference.

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<sup>2</sup> The 2016 data has been restated from the 2016 annual report filed on March 31, 2017 in Docket No. G002/M-17-253 so that it is comparable to the 2017 and 2018 data which was calculated using the Non-GAP LIHEAP Baseline Approach.

**Table 5**

	<b>2016</b>	<b>2017</b>	<b>2018</b>
Disconnections - GAP Participants	4%	3%	2%
Disconnections - Natural Gas LIHEAP Customers Not Enrolled in GAP	7%	7%	7%
Estimate of Avoided Disconnections/Reconnections	192	259	320
Estimated Avoided Disconnection Notices	10,080	12,334	13,184
Estimated Annual Avoided Costs	\$8,419	\$10,164	\$12,977

This lower disconnection rate for Program participants appears to have lowered collection costs. We additionally include these results in our Financial Evaluation, provided as Attachment A to this report.

- 5. Coordinate the program with other available low-income bill payment assistance and conservation resources.*

As noted earlier, ECC performs administration of both our GAP and CIP low income programs. As ECC assists our customers with one of these programs, it can and does engage the customer in discussions regarding the other programs. Also, the Xcel Energy Personal Accounts Team interacts with many low-income and other assistance-related organizations each Program year, and additionally performs outreach and initiatives such as the following:

- Dedicate internal personal account department to increase program awareness and participation;
- Xcel Energy website to allow for better access to information for Energy Assistance and Program information to households;
- Coordinate with ECC on the best approach to reach the lowest income households with the highest consumption;
- ECC website to accept online applications;
- Participate in quarterly MN Energy Assistance Policy Action Committee;
- Participate in Safety Net Meetings with Ramsey County;
- Participate in Salvation Army Annual Heat Share Training (annual);
- Send mailings and outreach to eligible households identified by the company for the Program; and
- Conduct dedicated Call Campaigns to GAP customers who do not make their required payment within 30 days of their monthly bill.



## D. Cost Effectiveness Analysis

In this section, we outline the results of our cost-effectiveness analysis performed in accordance with our GAP tariff, which states in part:

The financial evaluation will include a discounted cash flow of the Rider's cost-effectiveness analysis from a ratepayer perspective comparing the 1) total Rider costs, which includes the Affordability component, Arrearage Forgiveness component, and total Company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Rider on write-offs, service disconnections and reconnections, and collections activities. The discounted cash flow difference between total Rider costs and total net savings will result in either a net benefit or a net cost to ratepayers for the rider. Any net benefit after the initial four-year term of the Rider will be added to the Tracker for refund to ratepayers.

In summary, our cost-effectiveness analysis for the January 2016 through December 2018 period resulted in a net cost to ratepayers of approximately \$7.0 million in 2019 dollars. Our analysis included all Program costs from our GAP Trackers, working capital costs, and income tax expense, and in terms of savings, we factored-in the impact of bad debt and collections expense, as well as associated working capital.

Affordability and Arrearage Credits paid to participants over the period totaled approximately \$6.2 million, or an average of approximately \$2.1 million per year. The working capital cost was driven by the level of the Tracker balance, leading to a negative cost of approximately \$0.2 million, or an average of \$0.07 million per year. Income tax expense was driven by estimates of reduction in bad debt and collections expenses, which increases taxable income. This cost totaled approximately \$144,000 or an average of \$48,000 per year.

Our analysis includes a reduction in collection costs stemming from the lower disconnection rate for GAP participants compared to non-GAP LIHEAP recipients, as well as a reduction in the number of disconnection notices issued. Impact to collections expense over the period totaled approximately \$32,000 or approximately \$11,000 per year. The working capital cost was reduced by the accounts receivable balance being lower, accounting for a total savings of approximately \$0.6 million, or \$0.2 million per year. Bad debt expense was reduced by \$359,000, or approximately \$120,000 per year.<sup>3</sup>

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<sup>3</sup> Estimated based on the Company's *Effect of Low-Income Energy Assistance Programs on Bad Debt Levels in Minnesota* Study, filed in Docket No. E002/GR-10-971, Gersack Direct, Schedule 6. The Study showed that for every \$1.00 of energy assistance provided to our customers, our bad debt provisioning is decreased by a range of 2.1 to 9.5 cents. The Company used the average of 5.8 cents for this evaluation.

## **E. Societal Benefits and Costs**

In addition to the quantifiable impacts in the Program Evaluation and Cost Effectiveness sections of this report, we recognize that there may be societal benefits, costs, and impacts that may be appropriate to consider in evaluating the overall effectiveness of a Gas Affordability Program. The challenge is in identifying and quantifying these benefits. We discuss these potential additional impact areas below.

### *1. Impact on Other Financial Obligations*

Low-income customers may struggle with daily, weekly, or monthly financial obligations. The GAP benefit may be just enough to allow a customer to be more financially secure, or allow for the customer to allocate limited resources to other household needs.

### *2. Participant Mobility*

Typically, low-income customers do not reside at one premise for an extended period of time. Changes in rental terms, lease expiration, and sale of property may influence a low-income customer's ability to maintain a consistent address for an extended period. To the extent that GAP benefits may lead to more stable housing by providing increased financial stability, participants would incur fewer move-related costs and gain intangible benefits from increased premise consistency.

While we are unable to quantify these potential benefits stemming from Program participation, we believe they may be appropriate to consider in evaluating the overall Program effectiveness.

## **F. 2019 Program To-Date**

Through April 2019, we have 6,880 active participants, have collected \$1,824,671 in Program funds from customers, and have disbursed \$1,053,636 of Program credits. We expect to increase our participation level, and disbursements averaging \$275,000 per month by the end of 2019 to reduce the tracker balance by retiring arrears sooner for customers who have been making consistent payments. Participation for 2019 has been consistent with recent Program years, new enrollments and applications continue at a level where we would expect to reach the annual \$2.5 million spending cap and reduce the tracker balance by the end of 2019.

## **G. Spending Cap and Enrollment Review**

In the May 22, 2018 Stakeholder Report filed in Docket No. G002/M-16-493, utilities committed to reviewing the spending cap and enrollment issues discussed in that docket in their next GAP evaluation reports. At this time, we do not believe that a spending cap is necessary to meet the needs of customers eligible for the GAP program, but will continue to examine the issue and bring any proposed changes to the Commission in the future.

Similarly, at this time, we believe the current enrollment process utilizing a third-party administrator continues to be the most effective and efficient option, using the best of both internal and third-party strengths. Also, as discussed above, the Company's Personal Accounts Team interacts with many low-income and other assistance-related organizations each Program year, and performs a number of outreach initiatives to promote program enrollment. We continue to manage enrollment to our tracker balance and have not needed to turn any applicants away from the program, so we believe the current enrollment strategy is effective.

### **CONCLUSION**

The Company respectfully submits this evaluation of its Gas Affordability Program, and requests that the Commission accept our Evaluation Report.

Dated: May 31, 2019

Northern States Power Company

**GAP Evaluation**  
**Financial Analysis - Summary**  
 Jan 1, 2016 - Dec 31, 2018

Docket No. G002/M-19-\_\_\_\_  
 Attachment A  
 Page 1 of 4

<b>Line</b>	<b>Savings</b>	2016	2017	2018	Total
1	Working capital allowance	(\$183,218)	(\$169,974)	(\$212,071)	(\$565,263)
2	Change in bad debt expense	(\$135,998)	(\$94,242)	(\$129,001)	(\$359,240)
3	Lower collections expense	(\$8,419)	(\$10,164)	(\$12,977)	(\$31,560)
4	<b>Total Ratepayer Savings</b>	<b>(\$327,635)</b>	<b>(\$274,379)</b>	<b>(\$354,048)</b>	<b>(\$956,062)</b>
5	<b>Costs</b>	2016	2017	2018	
6	Program costs, excl excess admin costs	\$2,469,790	\$1,749,854	\$2,327,710	\$6,547,354
7	Working capital allowance	(\$34,761)	(\$50,773)	(\$114,526)	(\$200,059)
8	Income tax expense	\$59,745	\$43,192	\$40,807	\$143,745
9	<b>Total Ratepayer Costs</b>	<b>\$2,494,774</b>	<b>\$1,742,273</b>	<b>\$2,253,992</b>	<b>\$6,491,039</b>
10	<b>Net Ratepayer (Savings) Cost</b>	<b>\$2,167,139</b>	<b>\$1,467,894</b>	<b>\$1,899,944</b>	<b>\$5,534,977</b>
11	Discount rate	8.28%	8.28%	8.28%	
12	<b>Net Ratepayer (Savings) Cost in 2019 \$</b>	<b>\$2,979,064</b>	<b>\$1,863,543</b>	<b>\$2,227,600</b>	<b>\$7,070,207</b>

**GAP Evaluation**  
**Financial Analysis - Savings**  
 Jan 1, 2016 - Dec 31, 2018

The total net savings including cost reductions on utility functions such as the impact of the Rider on write-offs, service disconnections and reconnections and collections activities.

Line		2016	2017	2018	
1	Change in Customer payments and GAP Credits				
2	Difference in % Tot pmt req paid	-1.1%	4.0%	3.0%	GAP annual report, See page % tot
3	Total Payment requested	\$12,001,339	\$10,699,354	\$11,236,258	GAP annual report
4	Diff in Tot pmt req paid	-\$132,015	\$427,974	\$337,088	
5	Total GAP credits	\$2,344,790	\$1,624,854	\$2,224,152	GAP annual report
6	Change in cust payments and GAP credits	\$2,212,775	\$2,052,828	\$2,561,240	
7	<b>Change in working capital allowance</b>				
8		2016	2017	2018	
9	Reduction to A/R balance	-\$2,212,775	-\$2,052,828	-\$2,561,240	
10	Authorized return	8.28%	8.28%	8.28%	Rate Case *
11	Change in working capital allowance	-\$183,218	-\$169,974	-\$212,071	
12	<b>Change in bad debt expense</b>				
13		2016	2017	2018	
14	<b>Estimate, Bad debt expense method</b>				
15	Total GAP credits	\$2,344,790	\$1,624,854	\$2,224,152	GAP annual report
16	Bad debt expense factor (\$ reduction/\$ spent)	-\$0.058	-\$0.058	-\$0.058	Bad debt expense study
17	Reduction in bad debt expense	-\$135,998	-\$94,242	-\$129,001	
18	Change in bad debt expense	-\$135,998	-\$94,242	-\$129,001	
19	<b>Change in collections expense</b>				
20	<b>Avoided collection cost, disconn/reconn</b>				
21	Disconnection rate, non-GAP LIHEAP	7.0%	7.0%	7.0%	GAP annual report
22	Disconnection rate, GAP participants	4.0%	3.0%	2.0%	GAP annual report
23	Difference	3.0%	4.0%	5.0%	
24	Number of GAP participants, year end	6,415	6,481	6,390	GAP annual report
25	avoided disconnections	192	259	320	
26	Average cost per disconnect/reconnect	\$69.05	\$62.10	\$60.74	Based on avg cost of 2 field calls
27	Avoided collection cost, disconnect/reconnect	-\$13,258	-\$16,084	-\$19,437	

\* Findings of Fact, Conclusions of Law, and Order - Docket G-002/GR-09-1153 (12/6/10: 8.28%)

**GAP Evaluation**  
**Financial Analysis - Savings**  
 Jan 1, 2016 - Dec 31, 2018

**Line**

<b>Change in collections expense (continued)</b>					
	2016	2017	2018		
1	<b>Change in collections expense (continued)</b>				
2	<b>Avoided disconnection notice cost</b>				
3	Disconnection notices mailed	1,042,721	902,034	703,667	Internal records
4	Disconnections performed	19,863	18,941	17,079	Internal records
5	Disconnection notices per disconnection	52.50	47.62	41.20	
6	Number of avoided disconnections	192	259	320	
7	Avoided disconnection notices	10,080	12,334	13,184	
		2016	2017	2018	
8	Cost per disconnection notice	-\$0.48	-\$0.48	-\$0.49	Internal records
9	Avoided disconnection notice cost	\$4,838	\$5,920	\$6,460	
10	Change in collections expense	-\$8,419	-\$10,164	-\$12,977	
<b>Summary of Ratepayer Savings</b>					
	2016	2017	2018		
12					
13	Change in working capital allowance	-\$183,218	-\$169,974	-\$212,071	
14	Change in bad debt expense	-\$135,998	-\$94,242	-\$129,001	
15	Change in collections expense	-\$8,419	-\$10,164	-\$12,977	
16	Total Ratepayer savings	-\$327,635	-\$274,379	-\$354,048	

**GAP Evaluation**  
**Financial Analysis - Costs**  
Jan 1, 2016 - Dec 31, 2018

Total Rider costs, which includes the Affordability component, Arrearage Forgiveness component, and total Company incurred administration costs.

Line		2016	2017	2018	
1	<b>Program costs, excl excess admin costs</b>				
2		2016	2017	2018	
3	Administration	\$125,000	\$125,000	\$103,558	GAP annual report
4	Excess administration costs	\$49,918	\$21,851	\$0	Admin costs above 5% of tot prog costs
5	Affordability & arrearage credits	\$2,344,790	\$1,624,854	\$2,224,152	GAP annual report
6	Program costs	\$2,519,708	\$1,771,705	\$2,327,710	
7	<b>Program costs, excl excess admin costs</b>	\$2,469,790	\$1,749,854	\$2,327,710	
8	<b>Working capital allowance</b>				
9		2016	2017	2018	
10	GAP tracker balance, mo average bal	-\$419,817	-\$613,199	-\$1,383,160	GAP tracker - Avg of Cumulative (over) und
11	Authorized return	8.28%	8.28%	8.28%	Rate Case
12	Working capital allowance	-\$34,761	-\$50,773	-\$114,526	
13	<b>Working capital allowance</b>	-\$34,761	-\$50,773	-\$114,526	
14	<b>Income tax expense</b>				
15		2016	2017	2018	
16	Operating Expense				
17	Bad debt expense	-\$135,998	-\$94,242	-\$129,001	Attachment A, page 2 of 3
18	Collections expense	-\$8,419	-\$10,164	-\$12,977	Attachment A, page 2 of 3
19	Total operating expense	-\$144,417	-\$104,405	-\$141,977	
20	Change in Taxable income	\$144,417	\$104,405	\$141,977	
21	Income Tax Rate	41.37%	41.37%	28.74%	
22	<b>Income tax expense</b>	\$59,745	\$43,192	\$40,807	
23	<b>Summary of Ratepayer Expenses</b>				
24		2016	2017	2018	
25	Program costs, excl excess admin costs	\$2,469,790	\$1,749,854	\$2,327,710	
26	Working capital allowance	-\$34,761	-\$50,773	-\$114,526	
27	Income tax expense	\$59,745	\$43,192	\$40,807	
28	<b>Total Ratepayer costs</b>	\$2,494,774	\$1,742,273	\$2,253,992	

**CERTIFICATE OF SERVICE**

I, Paget Pengelly, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

**DOCKET NO. G002/M-19-\_\_\_\_**  
**MISCELLANEOUS GAS SERVICE LIST**

Dated this 31<sup>st</sup> day of May 2019

/s/

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Paget Pengelly  
Regulatory Administrator



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd.  St. Louis, MO 63119-2044	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
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