

January 15, 2020

Ryan Barlow
Acting Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 280
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G-022/M-15-855

Dear Mr. Barlow:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department), in the following matter:

In the Matter of a Greater Minnesota, Gas Inc. Petition for Approval to Change Its Gas Affordability Program.

The Department recommends that the Commission **approve** the Petition.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

JK/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G-022/M-15-855

I. INTRODUCTION

The Minnesota Department of Commerce, Energy Division (Department) appreciates the opportunity to provide comments regarding Greater Minnesota Gas's (GMG or the Company) comprehensive evaluation report filed March 28, 2019. GMG filed its Gas Affordability Program Evaluation Report for 2016-2018 on March 28, 2019 in the instant docket. The Company also filed its 2018 Annual Gas Affordability Program Report on March 28, 2019 in Docket No. G022/M-19-236.¹

The Minnesota Public Utilities Commission (Commission) identified one issue in its Notice of Comment Period issued December 13, 2019: "Should the Commission accept GMG's Gas Affordability Program (GAP) Evaluation Report for 2016-2018?"

A. COMMISSION DIRECTIVES

In its Order dated December 1, 2015 in this proceeding, the Minnesota Public Utilities Commission (Commission) took the following actions:

1. Approved GMG's proposed changes to its Gas Affordability Program and authorized implementation as of January 1, 2016.
2. Required GMG to operate its Gas Affordability Program as a pilot program until such time as the Commission determines the program to be permanent and orders that GMG's tariff be updated to make the program permanent.
3. Required GMG to include a comparison of service disconnection rates for [GAP] customers, non-GAP [Low Income Home Energy Assistance Program] LIHEAP customers, and Non-LIHEAP customers in its annual filings and in its March 31, 2019 program.
4. Required GMG, in addition to its annual GAP reporting requirements, to file a comprehensive evaluation report by March 31 2019, discussing and assessing its GAP from January 1, 2016 through December 31, 2018.
5. Required GMG to file updated tariff sheets within ten days of this Order.

¹ The Commission accepted the Company's 2018 GAP annual compliance report in an Order dated August 19, 2019 in that proceeding.

The Department focused its review on Order Points 2, 3 and 4 above.

II. DEPARTMENT ANALYSIS

Regarding the requirement that GMG's GAP offering should be considered a pilot until it has received formal Commission approval, the Department notes that GMG continues to categorize the GAP offering as a pilot in the tariff. Hence, GMG is in compliance with this Commission requirement.

As noted above, on March 28, 2019 GMG filed an evaluation report regarding its GAP offering for the period from 2016 through 2018. Thus, the Company complied with requirement in Order point #3 above to file this document before March 31, 2019.

In its more recent GAP evaluation report, the Company included an evaluation of its GAP offering relative to five statutory goals that it identified. GMG's analysis concluded:

- GAP participants decreased the percentage of income devoted to paying their natural gas bill.
- There was a slight increase in customer payments by increasing payment frequency.
- There was no statistically significant reduction in decreasing or eliminating participating customers' arrears.
- GMG did not experience decreased costs associated with collection.
- GMG's GAP program did not affect coordination with other payment assistance and conservation resources.
- GMG's GAP did not significantly impact either its level of service disconnections or its level of bad debt.

The Company concluded its Report with a request that the Commission change the designation of GMG's GAP from pilot to permanent.

Table 1 below includes information from the 2018 GAP annual reports from all five of the states' investor-owned utilities.² That information indicates that GMG's gas assistance program is small compared to the other IOUs in terms of the number (19) and the percent (<1%) of customers participating, while the Company's GAP average annual affordability benefit is one of the more generous (\$338).

The Department concludes that the information the Company provided in Docket No. G022/M-19-236 fulfills the requirements identified in Order point #3. GMG's disconnection rate for GAP participants in 2018 was around zero percent (line 8), five percent for non-GAP LIHEAP customers (line 9), and less than one percent for non-LIHEAP residential customers (line 10).

² Table 1 was reproduced from the Department's comments filed on April 29, 2019 in the 19-236 docket.

Table 1: Summary Schedule GAP Information Reported for the 2018 Program Year

<i>Line No.</i>	<i>Summary Schedule Item</i>	CenterPoint Energy	Xcel Energy	Great Plains	Minnesota Energy Resources Corporation	GMG
1.	Average affordability benefit received (\$ per customer per year)	\$376	\$180	\$171	\$453	\$338
2.	Average arrearage forgiveness benefit (\$ per customer per year)	\$159	\$200	\$56	\$240	\$9
3.	Program Budget (\$/year)	\$5,000,000	\$2,500,000	\$50,000	\$750,000	\$20,000
4.	Actual program revenue (\$/year)	\$5,756,551	\$3,003,349	\$50,998	\$0	\$0
5.	Actual program cost (\$ per year)	\$3,794,247	\$2,327,710	\$40,529	\$652,346	\$6,582
6.	GAP tracker balance as of year end (\$)	\$4,779,126	\$1,334,120	\$27,374	(\$597,750)	\$35,290
7.	GAP surcharge (\$ per therm)	\$0.00410	\$0.00450	\$0.01393	\$0.00000	\$0.00000
<i>Non-GAP LIHEAP Baseline Disconnection Rates</i>						
8.	GAP Participants (%)	3%	2%	4%	<1%	0%
9.	Non-GAP LIHEAP customers	7%	7%	14%	8%	5%
10.	Non-LIHEAP residential customers	4%	<1%	4%	1%	<1%
<i>Pre-Program Baseline Disconnection Rates</i>						
11.	GAP participant cohort (%)	3%	1%	0%	<1%	N/A
12.	GAP participant cohort before enrolling in GAP (%)	5%	5%	1%	3%	N/A
13.	Percentage of LIHEAP customers that participated in GAP	40%	42%	18%	14%	22%
<i>Summary Participation Information</i>						
14.	GAP participants enrolled as of year end	8,616	6,390	170	1,302	19
15.	GAP participants enrolled and receiving benefits at some time during the year	10,748	8,224	238	1,586	22

Given the information the Company provided in the instant docket and Docket No. G022/M-19-236, the Department concludes that GMG fulfilled the requirements in the Commission’s December 1, 2015 ORDER.

Regarding GMG’s request to make the GAP permanent, the Department notes the following:

- GMG has retained sufficient expertise to allow its GAP to become permanent. The Company contracted with Energy CENTS Coalition to administer its GAP.
- The Company has successfully operated the program since 2016.
- GMG stated its intent to continue its GAP marketing efforts and the program.³

³ GMG’s Gas Affordability Program Evaluation Report for 2016 – 2018, dated March 28, 2019 at page 3.

Hence, given the Company's experience, results and commitment to its GAP offering, the Department recommends approval of GMG's request that the GAP become permanent.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve GMG's request to make its Gas Assistance Program a permanent offering.

/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. G022/M-15-855

Dated this 15th day of **January 2020**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_15-855_M-15-855
Ryan	Barlow	ryan.barlow@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 55101214	Electronic Service	Yes	OFF_SL_15-855_M-15-855
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_15-855_M-15-855
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_15-855_M-15-855
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_15-855_M-15-855
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_15-855_M-15-855
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_15-855_M-15-855
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_15-855_M-15-855
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_15-855_M-15-855
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_15-855_M-15-855