



202 S. Main Street  
Le Sueur, MN 56058  
Toll Free: (888) 931-3411  
Fax (507) 665-2588  
www.greatermngas.com

March 28, 2019

**VIA ELECTRONIC FILING**

Mr. Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: Gas Affordability Program Evaluation Report for 2016-2018  
Docket No. G022/M-15-855

Dear Mr. Wolf:

Attached hereto, please find Greater Minnesota Gas, Inc.'s Gas Affordability Program Evaluation Report for 2016-2018 for filing in the above-referenced docket.

All individuals identified on the attached service list have been electronically served with the same.

Thank you for your assistance. Please do not hesitate to contact me should you have any questions or concerns or if you require additional information. My direct dial number is (507) 665-8657 and my email address is kanderson@greatermngas.com.

Sincerely,

**GREATER MINNESOTA GAS, INC.**

/s/  
Kristine A. Anderson  
Corporate Attorney

Enclosure

cc: Service List

# CERTIFICATE OF SERVICE

I, Kristine Anderson, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated on the attached list by electronic filing, electronic mail, or by depositing the same enveloped with postage paid in the United States Mail at Le Sueur, Minnesota:

**Greater Minnesota Gas, Inc.'s Gas Affordability Program  
Evaluation Report for 2016-2018  
Docket No. G022/M-15-855**

filed this 28<sup>th</sup> day of March, 2019.

/s/ Kristine A. Anderson  
Kristine A. Anderson, Esq.  
Corporate Attorney  
Greater Minnesota Gas, Inc.

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.	202 S. Main Street  Le Sueur, MN 56058	Electronic Service	No	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
Ian	Dobson	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
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.	PO Box 68  Le Sueur, MN 56058	Electronic Service	No	OFF_SL_15-855_M-15-855
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	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.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	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
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_15-855_M-15-855

**STATE OF MINNESOTA**

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

MPUC Docket No. G022/M-15-855

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

**GAS AFFORDABILITY PROGRAM  
EVALUATION REPORT  
FOR 2016-2018**

---

**OVERVIEW**

Greater Minnesota Gas, Inc. (GMG) respectfully submits this Gas Affordability Program Evaluation Report for the period from January 1, 2016 through December 31, 2018 reflecting on the first three years of its revised program. GMG revised its Gas Affordability Program (GAP) with the approval of the Minnesota Public Utilities Commission (Commission) in late 2015 and implemented the revised program beginning January 1, 2016 pursuant to the Commission’s authorization. In its Order herein, the Commission required GMG to file a comprehensive evaluation report discussing and assessing its GAP from 2016 through 2018.

GAP is available to residential customers who received Low Income Home Energy Assistance (LIHEAP) during the most recent federal fiscal year and who have been determined eligible for assistance during the current program year. The underlying purpose of GAP is to decrease the percentage of income that low-income households spend on their natural gas service; and, to modify payment frequency behavior by encouraging the participants to make regular payments while simultaneously providing them with assistance in paying off their existing arrearage balances.

**DISCUSSION AND ANALYSIS**

GMG offers its Commission-approved GAP to all of its customers who qualify for the Low Income Home Energy Assistance Program (“LIHEAP”) and meet the necessary criteria as defined in its tariff, up to its maximum enrollment level on first-come, first-served basis. GMG’s GAP was developed to serve qualified low-income residential natural gas customers by implementing an affordability-based bill credit and, potentially, forgiveness of arrearages. The

program was redesigned from its original format in 2015 in order to more closely match that of other natural gas providers; and, the redesigned GAP has been implemented for three calendar years, having been rolled out at the beginning of 2016.

### *Program Specifics*

GMG's GAP, as reflected in its tariff, is available to residential natural gas customers who received LIHEAP assistance during the most recent fiscal year. Program participation is open to all qualified customers on a first-come, first-served basis. Although GMG's tariff reflects a program cap of \$20,000, GMG has not seen participation by qualified customers near that level.

GMG's GAP program year allows for rolling enrollment dates. Consistent with the terms of Minnesota Statutes Section 216B.16, Subd. 15, GMG's GAP includes both an affordability component and a corresponding arrearage forgiveness component.

GMG makes all of its customers aware of GAP; and, GMG provides additional personal notification to customers who receive LIHEAP assistance and those who received LIHEAP during the previous calendar year of their possible eligibility for the GAP program. Once a participant is registered for GAP, GMG agrees to maintain service and suspend collection efforts for as long as the participant maintains timely payments, regardless of the participant's arrearage level. As part of the GAP agreement, each customer agrees to notify GMG of any address changes and eligibility changes. Participants who do not continue to qualify for LIHEAP may be removed from GAP.

Participants who fail to make two consecutive monthly payments while on GAP are terminated from the program and become subject to GMG's regular collection activities. However, GMG engages in substantial outreach to customers that may be facing removal for nonpayment.

### *Program Administration*

GMG contracts with the EnergyCents Coalition (ECC) to administer its GAP. Generally, ECC handles processing of GAP applications and enrollment, establishment of payment amounts, mailing enrollment-related letters, maintaining the enrollee database, and providing GMG with enrollment and savings statistics. GMG handles marketing GAP, outreach, provision of customer natural gas consumption information and balance and payment information, provision of LIHEAP information, information regarding enrollees' demographic information, calling customers regarding GAP and payments, etc.

GMG understands the public policy underlying affordability programs and the laudable goals that the statute sets forth. Given GMG's customer base, there simply are not a substantial number of customers that are even eligible for GAP. Approximately one percent of GMG's firm customers receive energy assistance, which is a prerequisite for GAP enrollment. Despite substantial targeted contact regarding both energy assistance and GAP, GMG's customer participation in GAP has not increased in statistical significance over time. Hence, the program is arguably adversely affecting GMG's remaining ratepayers, as they ultimately are or will be

responsible for absorbing the program costs. That said, GMG intends to continue its GAP marketing efforts and the program in its existing form into the future.

## EVALUATION

GAP is intended to achieve five statutory goals, namely:

1. To lower the percentage of income that participating households devote to energy bills;
2. To increase the payments of participating customers over time by increasing the frequency of their payments;
3. To decrease or eliminate the arrears balances of participating customers;
4. To lower the utility's costs associated with collection activities; and,
5. To coordinate the program with other available low-income payment assistance and conservation resources.

Minn. Stat. § 216B.16, Subd. 15 (b) (2018).

An evaluation of each of the statutory goals demonstrates that, while GMG only has a small percentage of customers that may available themselves of GAP, the program works for that population.

1. *Presumably, all of GMG's GAP customers decreased the percentage of income devoted to paying their natural gas bill.*

GMG's GAP sets an enrollee's regular monthly gas payment at an amount that is one-twelfth of four percent of the enrollee's household income. The enrollee receives a monthly credit equal to one-twelfth of the difference between the enrollee's estimated annual gas bill and the enrollee's regular monthly gas payment. GMG does not have access to its customers' household income information prior to their enrollment in GAP; however, it is reasonable to assume that customers choosing to enroll in GAP experience a benefit and, thus, were paying more than four percent of their household income for natural gas. For those customers who are eligible for GAP but who are already paying less than four percent of their income for natural gas, they would not enroll in GAP. Nonetheless, given the extremely low GAP enrollment by GMG's customers, any implied reduction is likely marginal, at best; and, arguably, any implied reduction is likely statistically insignificant on a broader scale. Of course, GMG recognizes that to those customers enrolled in the program, the benefit may have a significant impact individually.

2. *There was a slight increase in customer payments by increasing payment frequency.*

GAP, by its very nature, encourages customer payment because continued participation in the program requires consistent monthly payments. GMG's revised GAP has more customers that successfully remain in the program because they made timely payments.

Nonetheless, given the nominal level of program participation, the increased payments are not statistically significant when considered in light of GMG's total customer base.

3. *There was no statistically significant reduction in decreasing or eliminating participating customer arrears.*

Only a few GMG customers received the benefit of securing an arrearage credit throughout the three-year evaluation period; and, the arrearage credit was nominal. Consequently, there is no discernable, statistically significant reduction in participating customer arrears; however, there was technically some reduction.

4. *GMG did not experience decreased costs associated with collection.*

GMG's costs associated with collection were not measurably decreased as a result of GAP. Since so few customers actually participate in GMG's GAP, its collections costs only decrease with respect to those few customers; moreover, GMG did not exert substantial collection efforts for LIHEAP customers even prior to instituting GAP. Given that GMG had approximately 8,500 retail customers at the end of 2018, the reduced collection efforts afforded for approximately 20 households does not impact GMG's overall collection costs. GMG remained, and continues to remain, committed to working closely with LIHEAP participants, regardless of whether they are GAP enrollees; and, as such, its administrative costs with respect to those customers is virtually unchanged as a result of GAP.

5. *GMG's program coordination with other payment assistance and conservation resources was not affected by GAP.*

The existence of its GAP did not impact the manner in which GMG coordinates with other payment assistance programs and conservation resources. GMG has been and remains committed to continuing to work with existing and new resources for the benefit of its customers. Consequently, GMG does not believe that its coordination efforts were as a result of GAP.

6. *GMG's GAP did not significantly impact either its level of service disconnections or its level of bad debt.*

Additional evaluation factors that may shed light on the effectiveness of GAP include whether it impacted service disconnections and arrearages and bad debt. Since GMG's disconnection rates are historically small, and even smaller for LIHEAP participants, GMG did not see any statistically significant impact of GAP on its service disconnections. Likewise, since so few of GMG's GAP customers had arrearage balances and since they were nominal, GMG did not ascertain any identifiable benefit to addressing bad debt.

## REQUEST FOR COMMISSION ACTION

GMG recognizes the value and importance of maintaining natural gas affordability for low income ratepayers. Given the nominal participation in GMG's GAP, GMG has not experienced the benefits of GAP that the gas affordability policies and statute suggested utility companies might glean from such programs. However, GMG recognizes that, for the customers actually participating in GAP, the benefits of the program are likely far reaching by limiting the percentage of their nominal incomes that must be directed to natural gas. Consequently, GMG respectfully requests that the Commission order GMG's GAP to become a permanent program in its current form, thus ending its pilot program status.

Dated: March 28, 2019

Respectfully submitted,

/s/

Kristine A. Anderson  
Corporate Attorney  
Greater Minnesota Gas, Inc.  
202 S. Main Street  
P.O. Box 68  
Le Sueur, MN 56068