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October 7, 2019

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

RE: Great Plains' Gas Affordability Program Evaluation Report 2019
Docket No. G004/M-19-366

Reply to the Comments of the Minnesota Department of Commerce, Division of
Energy Resources (Department)

Dear Mr. Wolf:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically files its Reply Comments to the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) filed on September 26, 2019.

In its comments regarding the 2016-2018 Gas Affordability Evaluation Report submitted by Great Plains on May 31, 2019, the Department recommends that the Commission accept Great Plains Gas Affordability Evaluation Report.

Great Plains agrees with the Department's recommendations 1) Great Plains' GAP meets the statutory requirements, 2) Great Plains should continue with the current GAP surcharge rate and should propose a revised GAP surcharge rate in its next GAP evaluation report, 3) Great Plains should provide an evaluation for program years 2019 through 2021 by May 31, 2022, 4) Great Plains should provide a brief discussion/narrative regarding how Great Plains has met the five statutory requirements in Minn.Stat. § 216B.16, subd. 15 paragraph (b).1-5 in addition to the data provided in this docket and 5) Great Plains GAP tariff should be revised to exclude the reference to a discounted cash flow as part of the financial evaluation and to update the next evaluation to be applicable to the years 2019-2021 with an Evaluation Report to be submitted by May 31, 2022.

The Department also requested Great Plains provide any explanation or insight as to why arrears increased for GAP participants in 2016 compared to those customers' arrears balance before entering GAP. Great Plains first points out that Table 1 provided by the Department in its comments has the dollars amounts switched between the

Amount Prior to Enrollment column and the Amount After Enrollment column. Making this change does show that in 2016 GAP participants had an average balance in arrears of \$112.78 before enrolling in GAP and an average arrears balance of \$133.41 after enrollment. Great Plains has identified the following factors that may have contributed to an overall higher arrears balance at the end of the 2016 GAP year as compared to the start of the 2016 GAP year: 1) the arrears balance is a representation of arrears at a single point in time; 2) in 2016 Great Plains applied the LIHEAP benefit received in the current heating season year to the arrears balance owing on the customer's account first and then if any arrears balance remained the customer was enrolled in the arrear's forgiveness portion of the GAP. Great Plains saw a reduction in the number of customers that had an arrears balance remaining after applying the heating assistance funds and this also reduced the average amount of arrears balance owing for customers at the time of application; 3) a customer that remained in GAP all year may have stopped making their portion of the monthly payment or may have skipped a payment every other month. While a customer missing one or two monthly payments, was eligible to remain on GAP¹, the missing payment or payments causes the account balance to fall into arrears which may have contributed to the average dollar amount of the arrears balance at the end of the program being somewhat higher than the average arrears balance coming into the program year.

In summary Great Plains agrees with the Department's recommendations as noted above and will submit revised tariff sheets upon issuance of an Order by the Commission.

Great Plains respectfully requests that the Commission consider the Reply Comments expressed above and accept Great Plains' Gas Affordability Evaluation Report for the period 2016-2018.

If you have any questions regarding this filing, please contact Tamie A. Aberle 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

¹ A customer is eligible to remain on GAP as long the customer does not miss more than two consecutive payments.