

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Vice-Chair
Matthew Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

Review of Gas Affordability Programs

Docket Nos.: G-008/M-16-486
G-002/M-16-493
G-004/M-16-495

Date: May 22, 2018

UTILITY STAKEHOLDER REPORT

Introduction

On April 27, 2017, the Minnesota Public Utilities Commission (Commission) considered the 2016 Gas Affordability Program (GAP) evaluation reports of CenterPoint Energy, Xcel Energy, and Great Plains Natural Gas (Great Plains). On May 22, 2017, the Commission issued an Order in the dockets listed above accepting the evaluation reports and requiring a stakeholder workgroup of the utilities that offer a GAP, third party administrators, and the Department of Commerce (Department), to discuss if changes should be made to the Gas Affordability Programs.¹

The Utility Stakeholder Group invited the third party administrator (Energy CENTS Coalition) and the Department of Commerce to participate in a series of meetings to discuss the relevant topics. The workgroup coordinator is Stephen Collins of

¹ A utility stakeholder report was previously filed on June 1, 2011. This stakeholder group was comprised of third party administrators, Interstate Power & Light Company, Xcel Energy, Great Plains Natural Gas Company, Minnesota Energy Resources Corporation, CenterPoint Energy, and Greater Minnesota Gas, Inc. See Docket Nos. G-001/M-07-1295, G-002/GR-06-1429, G-004/M-07-1235, G-007, 011/M-07-1131, G-008/GR-05-1380 and G-022-CI-08-1175.

the Department of Commerce. Members of this stakeholder group met in May 2017, September 2017, October 2017, and January 2018.

The Utility Stakeholder Group now hereby submits its report, pursuant to the Commission's Order of May 22, 2017.

Report Results

The group discussed four major areas related to its Gas Affordability Programs:

- Reporting;
- Spending Cap;
- Enrollment/Application; and
- Miscellaneous.

Reporting

The Department of Commerce recommended the utilities review reporting requirements, content, and format of the annual report.

Utility consensus is a streamlined reporting form should be utilized as proposed in the recommendation by the Department. The new form, provided as Attachment A to this report, contains all pertinent information currently provided in annual reports, but is more streamlined and will assure consistency of reporting across utilities. Attachment A is based on the Department's recommendations and is the submitted format for the most recent annual GAP reports of Xcel Energy and CenterPoint Energy. The only outstanding issue with the new format is that CenterPoint Energy is still in the process of determining whether it has the reporting capabilities to provide payment information (dollars paid ÷ dollars requested *and* number of payments made ÷ number of payments requested) for its non-LIHEAP residential customers. CenterPoint will make an additional filing once it determines whether it can provide the information and will request an exemption if the information cannot be reported.

Spending Cap

Stakeholders discussed at length the current spending cap. CenterPoint Energy and Xcel Energy have the largest programs and both have GAP tracker balances available for distribution that may not be consumed by year-end. All stakeholders recognize that at times, the program design and recovery may need to be adjusted according to current levels of LIHEAP participation, natural gas costs, extreme weather fluctuations, etc. Stakeholders agreed that no spending cap changes are needed at this time. Utilities agreed to seek Commission approval of program modifications if participation and benefits are not meeting current needs including, but not limited to, changes to cost recovery or benefits to customers. The utilities agreed to review the spending cap issue again in their next GAP evaluation reports.

Enrollment/Application

The stakeholders also discussed current participation rates. Stakeholder discussion focused on current application processes, possible auto enrollment, and any barriers to participation. The utilities contract the application with a third party non-profit in an effort to promote administrative efficiencies. Third party administrators are able to encourage the participation of low and fixed income customers in energy related decision-making, which may result in an added level of comfort for applicants (versus applying directly with the utility companies). The current enrollment process has the utility companies conducting outreach to LIHEAP recipients and having the application returned directly to the non-profit. Strong relationships between customers and the contracting organizations and timely exchange of information provide a level of confidence to the low-income applicant. The utilities who partner with third-party administrators periodically assess the effectiveness and efficiency of the arrangement. At this time, the utilities believe the use of a third-party administrator is the most effective and efficient option, using the best of both internal and third-party strengths.

Stakeholders also discussed the concept of auto-enrollment, in which LIHEAP customers are automatically enrolled in GAP (if eligible) and then may opt out if

they do not want to participate. Several concepts were discussed. One process would have the utilities gather LIHEAP recipient information and enroll these customers in the Program. A second alternative could have a LIHEAP guarantee to a utility prompt an application. A third option could have the community action agency work with the customer to complete the application. While the auto-enrollment process could be manageable on the front-end, there are downstream processes to also consider and evaluate. Customer confusion, bill payment requirements, and subsequent removals, could create administrative challenges on the back-end. Other impacts of automatic enrollment are the potential customer perception of lack of customer choice, unavailability of household income information to the utilities, administrative cost increases from managing any mid-year suspensions, potential cost savings from eliminating GAP promotions, and administrative efficiencies from eliminating the processing of enrollment applications. However, any cost savings related to auto-enrollment applications would likely be (at least partially) offset by process and system development costs necessary to support the automatic enrollment. The utilities agreed to review the enrollment issue again in their next GAP evaluation reports.

Miscellaneous

In addition, each of the utilities discussed the reasons for customer removal from the GAP. One of the top reasons for customer removal was a customer's failure to pay the monthly payment requirement. In addition, customer behavior indicates a desire to obtain bill payment assistance where no customer payment, or very little customer payment, is required. At times, participants will contact the utility and ask for removal from the GAP in order to facilitate alternative assistance. More specifically, GAP participation levels can be challenged by competing programs. As an example, a customer may select an alternative payment plan with a lower monthly payment (such as a Cold Weather Rule payment plan), if it is less than a GAP monthly payment plan. Unfortunately, a payment plan under the Cold Weather Rule may not cover an entire 12-month period and a customer may not re-enroll in GAP during the same calendar year. As a result, customers making this choice may not be maximizing their benefits over the long run.

The Gas Affordability Programs of each utility were implemented at a time of rising heating costs, different economic conditions, and a stable or growing number of LIHEAP recipients. All stakeholders are committed to further outreach of the Program to eligible customers and have agreed to proactively make filings for adjustments, should general conditions warrant.

Conclusion

The Utility Stakeholder Group respectfully submits this report to the Commission and other interested parties. We appreciate the opportunity to meet and assess our respective Gas Affordability Programs. As a result of our review (in conjunction with third party administrators and the Department), we believe the appropriate framework is in place for ongoing evaluation, and no changes to our current Gas Affordability Programs are warranted at this time. However, we also believe that the spending-cap and enrollment issues discussed in this report should be revisited at the time of the utilities' next evaluation reports. We also believe that it is appropriate to move to a more streamlined format for annual reports using the Department's suggested reporting form.

CERTIFICATE OF SERVICE

I, Carl Cronin, 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 NOS. G008/M-16-486
G002/M-16-493
G004/M-16-495

Dated this 22nd day of May 2018

/s/

Carl Cronin
Regulatory Administrator

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Utility:

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Date Report Filed:

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	2015	2016	2017
Program dates and status			
Date program started			
Program effective date			
Date next evaluation report due			
Date last evaluation completed			
Last evaluation docket number			
Status of program (pilot or permanent)			
Date pilot program ends, if applicable			
Date of last Evaluation Order			
Program administrator			
Participant benefits			
Description of affordability benefit - maximum payment as % of household income			
Description of arrearage forgiveness benefit - repayment period			
Average annual income per participant			
Average annual bill per participant			
Average arrearage balance per participant			
Average annual affordability benefit per participant			
Average annual arrearage forgiveness benefit per customer			
Average total benefit per participant			
Cost and Cost Recovery			
Annual budget			
Actual revenue			
Annual cost			
Surcharge (\$/therm)			
Annual cost of surcharge for average residential customer who uses 900 therms of gas per year			
Customer classes assessed the GAP surcharge			
Tracker balance as of year-end			
Participation			
% of LIHEAP customers that participated in GAP			
Number of participants enrolled as of year-end			
Number of participants enrolled and receiving benefits at some time during the year			
Whether a waiting list occurred at any time during the year			
If so, the number of customers on the waiting list and for how long			
Impact on disconnection rates			
Disconnection rates - non-GAP LIHEAP baseline			
GAP participants			
Non-GAP LIHEAP customers			
Non-LIHEAP residential customers			
Disconnection rates - pre-program baseline			
GAP participant cohort			
GAP participants cohort before they were enrolled in GAP			
Impact on payment frequency			
Dollars paid ÷ dollars requested			
Non-GAP LIHEAP Baseline			
GAP participants			
Non-GAP LIHEAP customers			
Non-LIHEAP residential customers			
Pre-Program Baseline			
GAP participant cohort			
GAP participant cohort before they were enrolled in GAP			
Number of payments made paid ÷ number of payments requested			
Non-GAP LIHEAP baseline			
GAP participants			
Non-GAP LIHEAP customers			
Non-LIHEAP residential customers			
Pre-program baseline			
GAP participant cohort			
GAP participant cohort before they were enrolled in GAP			
Impact on arrears			
% Customers in arrears			
Non-GAP LIHEAP baseline			
GAP participants			
Non-GAP LIHEAP customers			
Non-LIHEAP residential customers			
Pre-Program baseline			
GAP participant cohort			
GAP participant cohort before they were enrolled in GAP			
Dollar amount of arrears			
% Change in dollar amount of arrears (non-GAP LIHEAP baseline)			
GAP participants			
Non-GAP LIHEAP customers			
Non-LIHEAP residential customers			
Dollar amount of arrears (pre-Program baseline)			
GAP participant cohort			
GAP participant cohort before they were enrolled in GAP			
Complaints			
Number of complaints			
Nature of complaint(s)			
Retention			
GAP participant retention rate			
Impact on collection activity			
Brief description of effect of GAP on collection activity			
Coordination with other programs			
Page(s) of report where coordination efforts described			