

Staff Briefing Papers

Meeting Date	September 18, 2024	Agenda Item **4
Company	Northern States Power Co. d/b/a Xcel Energy Great Plains Natural Gas Co. CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas Minnesota Energy Resources Corp. Greater Minnesota Gas, Inc.	
Docket No.	G-002/M-25-36 In the Matter of Xcel Energy's 2024 Annual Gas Affordability Program (GAP) Report G-004/M-25-37 In the Matter of Great Plains Natural Gas Co.'s 2024 GAP Report G-008/M-25-38 In the Matter of CenterPoint Energy Minnesota Gas' 2024 GAP Report G-011/M-25-39 In the Matter of Minnesota Energy Resources Corp.'s 2024 GAP Report G-022/M-25-40 In the Matter of Greater Minnesota Gas, Inc.'s 2024 GAP Report	
Issues	<ol style="list-style-type: none">1. Should the Commission accept each of Natural Gas Utilities' annual 2024 Gas Affordability Program (GAP) annual reports?2. Should the Commission approve Minnesota Energy Resources' proposal for automatic enrollment?	

Staff	Sally Anne McShane	sally.anne.mcshane@state.mn.us	651-201-2224
--------------	--------------------	--	--------------

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

✓ Relevant Documents	Date
25-36 Xcel Energy	
Xcel Energy 2024 Annual GAP Report, Attachment A: Tracker, and Attachment B: 5-year Summary	March 31, 2025
25-37 Great Plains Natural Gas	
Great Plains 2024 Annual GAP Report and Attachment A: 5-year Summary	March 31, 2025
Great Plains Reply Comments	June 5, 2025
25-38 CenterPoint Energy	
CenterPoint Energy 2024 Annual GAP Report, Schedule A: Summary, Schedule B: Bad Debt Expense, Schedule C: 5-year Summary, and Schedules D & E: GAP Tracker and Balance	June 30, 2025
Department of Commerce Comments re: 25-38	August 12, 2025
CenterPoint Energy Reply Comments	August 26, 2025
25-39 Minnesota Energy Resources	
Minnesota Energy Resources 2024 Annual GAP Report, Attachment A: Tracker, Attachment B: 5-year Summary, and Attachment C: Write-offs	March 31, 2025
Citizens Utility Board of Minnesota, Legal Services Advocacy Project, and Energy CENTS Coalition Joint Comments	May 22, 2025
Minnesota Energy Resources Reply Comments	June 5, 2025
Minnesota Energy Resources Supplemental Comments	July 21, 2025
25-40 Greater Minnesota Gas	
Greater Minnesota Gas 2024 Annual GAP Report and Attachment A: 5-year Summary	March 31, 2025
All GAP Dockets	
Department of Commerce Initial Comments	May 22, 2025

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

✓ **Relevant Documents**

Department of Commerce Reply Comments

Date

July 9, 2025

Contents

I.	Statement of the Issues.....	2
II.	Briefing Paper Organization	2
III.	Xcel Energy (25-36)	4
	A. Party Comments	10
	B. Staff Analysis	11
IV.	Great Plains Natural Gas (25-37)	12
	A. Party Comments	16
	B. Staff Analysis	18
V.	CenterPoint Energy (25-38)	19
	A. Party Comments	24
	B. Staff Analysis	27
VI.	Minnesota Energy Resources (25-39)	29
	A. Automatic Enrollment Proposal	32
	B. Party Comments	35
	C. Staff Analysis	41
VII.	Greater Minnesota Gas (24-40)	42
	A. Party Comments	44
	B. Staff Analysis	44
VIII.	Insights into Automatic Enrollment	45
	A. Xcel Energy Auto-enrollment	45
	B. CenterPoint Energy Auto-enrollment	46
IX.	Decision Options	47
X.	Appendix A: Overview of Gas Affordability Programs (GAP)	51

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

I. Statement of the Issues

1. Should the Commission accept each of the Natural Gas Utilities' annual 2024 Gas Affordability Program (GAP) annual reports?
2. Should the Commission require each of the Natural Gas Utilities' to annually file reporting definitions and methodology?
3. Should the Commission require Great Plains Natural Gas to propose GAP automatic enrollment?
4. Should the Commission require CenterPoint Energy to continue monitoring its monthly GAP spending?
5. Should the Commission require CenterPoint Energy to allow customers to re-enroll in GAP after being removed for non-payment?
6. Should the Commission approve Minnesota Energy Resources' continuation of its 3% income affordability component?
7. Should the Commission approve Minnesota Energy Resources' proposal to conduct GAP automatic enrollment starting in summer 2026?
8. Should the Commission approve Minnesota Energy Resources' request to increase its annual GAP program budget to \$4.5 million?
9. Should the Commission require Minnesota Energy Resources to perform reporting on auto-enrollment?
10. Should the Commission require Minnesota Energy Resources to perform additional outreach?
11. Should the Commission require Greater Minnesota Gas to file a proposal for GAP cost recovery?

II. Briefing Paper Organization

The Gas Affordability Programs (GAP) are intended to assist low-income customers with their natural gas bills. All investor-owned and rate regulated natural gas utilities in Minnesota – CenterPoint Energy (CPE), Greater Minnesota Gas (GMG), Great Plains Natural Gas (GPNG), Minnesota Energy Resources (MERC) and Xcel Energy (Xcel) – are required to offer GAP.

An overview of the Gas Affordability Programs, their statutory requirements, and program design is provided in Appendix A. In general, the purpose of these briefing papers is to:

- 1) Review each utility's annual GAP report, to ensure the programs are operating as

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

intended.

- 2) Verify the reporting data is accurate, complete, and contains relevant information to assess the effectiveness of the programs.
- 3) In limited circumstances, identify changes that need to be made to the program.

Of particular note in the briefing papers this year is GAP auto-enrollment. The reports for Xcel and CPE reflect those utilities' implementation of auto-enrollment of customers, which as listed below have provided some positive impacts. MERC is proposing to implement auto-enrollment, as further listed below. The Department also recommends future auto-enrollment for Great Plains, which opposes this recommendation.

These briefing papers review the 2024 reporting year for January 1, 2024 – December 31, 2024. The utilities' GAP reports were submitted by March 31, 2025. The exception is CenterPoint Energy's GAP report. More details about the program year adjustment for CenterPoint are provided in the CPE section on pp. 19-20.

The following sections in the briefing papers contain one section for each of the natural gas utilities. Each of the sections will focus on the GAP requirements laid out in the low-income affordability statute:

- *Utility requests* – Proposals that utilities have asked the Commission to approve
- *Program participation* – The number of LIHEAP recipients that are enrolled in GAP
- *Program retention* – The number of customers that have stayed on the program from the previous program year
- *Payment frequency* – Payment frequency is calculated two ways:
 - 1) *Percentage paid of amount requested* – Of a customer's total bill amount, this is the amount that the customer actually paid to the utility. For example, if \$100 was billed to the customer, and the customer paid \$75, the percentage paid of amount is 75%.
 - 2) *Percentage paid of payments requested* – Of the 12 months in a year, this is the number of months a customer made a payment towards their bill. For example, if a customer has paid towards their bill for 9 months but missed 3 months' payments, the percentage paid of payments requested is 75%.
- *Arrears* – Past due amounts
- *Service disconnections* – Service disconnections for non-payment
- *Coordination with other low-income assistance programs and conservation resources* – Other low-income assistance programs and conservation resources may include but are not limited to the Cold Weather Rule (CWR),¹ Conservation Improvement Program

¹ [Minn. Stat. § 216B.096 Cold Weather Rule; Public Utility.](#)

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

(CIP), and the modernized CIP, Energy Conservation and Optimization (ECO)², programs

- *GAP tracker balance* – Account to track expenses for GAP activity and then allows utility to request permission for recovery of the accrued expenses
- *Utility bad debt*
- *Collection activities*
- *Complaints* – Staff verified the utilities’ reporting of their GAP complaints with CAO’s records. Staff will provide the number of CAO complaints for each utility. Note that these are not exclusively GAP complaints but where the CAO found that the Company had failed to inform the customer of GAP or failed to enroll the customer. CAO complaints are rarely about just a single issue. In each case, GAP came up as an issue, as well as disconnections and/or billing issues because of an issue with GAP payments.

Each section of the briefing papers contains many figures and tables to illustrate trends in the utilities’ GAP. At the conclusion of each utility’s section, Staff has provided a Staff Analysis section. Additionally, at the end of the briefing papers, Staff included a section with insights about automatic enrollment in GAP.

III. Xcel Energy (25-36)

Utility request

Xcel is requesting that the Commission accept its 2024 GAP report (**Decision Option 1a**).

Auto-enrollment

The Commission’s January 18, 2023 Order required Xcel to develop an automatic enrollment process, which would require Xcel to place all customers that are LIHEAP recipients on GAP.³ In

Subd. 5. Cold weather rule.

(a) During the cold weather period [October 1 through April 30 of the following year], a utility may not disconnect and must reconnect utility heating service of a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the utility that is based on the financial resources and circumstances of the household; provided that, a utility may not require a customer to pay more than ten percent of the household income toward current and past utility bills for utility heating service.

(b) A utility may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

(c) The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer’s financial circumstances have changed or the customer is unable to make reasonably timely payments.

(d) The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the utility.

(e) Each utility shall use reasonable efforts to restore service within 24 hours of an accepted payment agreement, taking into consideration customer availability, employee availability, and construction-related activity.

² [Minn. Stat. § 216B.241, subd. 1c\(f\) Public Utilities; Energy Conservation and Optimization.](#)

³ Docket No. 22-257 et al January 18, 2023 Commission Order, Order Point 5, p. 2.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

its April 19, 2023 Order, the Commission accepted Xcel’s auto-enrollment process and associated tariff modifications. Xcel began automatically enrolling LIHEAP customers in GAP on July 15, 2023 and will take place on the same day each year. Prior to July 15, Xcel sends outreach materials to customers on Program details, participation requirements, and how customers can opt-out of GAP. Xcel also proactively calls GAP participants after they miss one payment to remind the customer that they will be removed from the program if they miss two consecutive payments.

Program participation

Xcel’s GAP participation increased by 19.5% in 2024. The Company attributes it to auto-enrollment. Xcel says that it can “safely estimate that auto-enrollment will continue to increase customer participation in GAP.”⁴ Between June 2024 and July 2024 (after auto-enrollment procedures were performed by the Company), Xcel had an additional 5,368 GAP customers.

Table 1: Xcel’s GAP Participation Rates (2022-2024)⁵

Participation Rates	2022	2023	2024
GAP participants enrolled as of year-end	6,342	10,650	9,861
GAP participants enrolled at some time during the year	7,668	13,620	16,273
Participation rate of LIHEAP recipients	35%	61%	80%

A participation rate of 61% in 2023 was already the highest of any GAP program since GAP began. The previous high was a 50% participation from CPE in 2019. 80% is even more remarkable and a demonstration of the effectiveness of auto-enrollment.

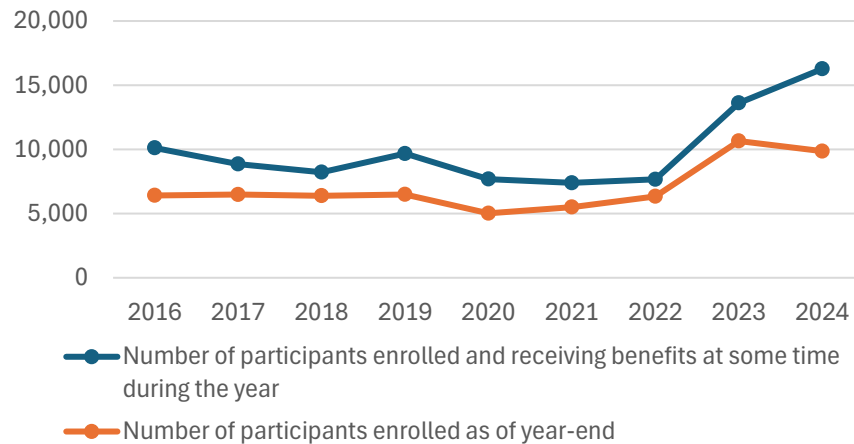
Figure 1 compares the number of participants enrolled in GAP at some time during the year with the number of participants enrolled in GAP by the end of the year. Xcel performs its automatic enrollment on July 15 annually. There is a demonstrated gap between the two numbers. Xcel has said that there has been a drop-off in participants during the fall, because customers that miss two consecutive monthly payments are removed from the program.

⁴ Xcel 2024 GAP Report, March 31, 2025, p. 6.

⁵ Xcel 2024 GAP Report, March 31, 2025, Attachment B.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

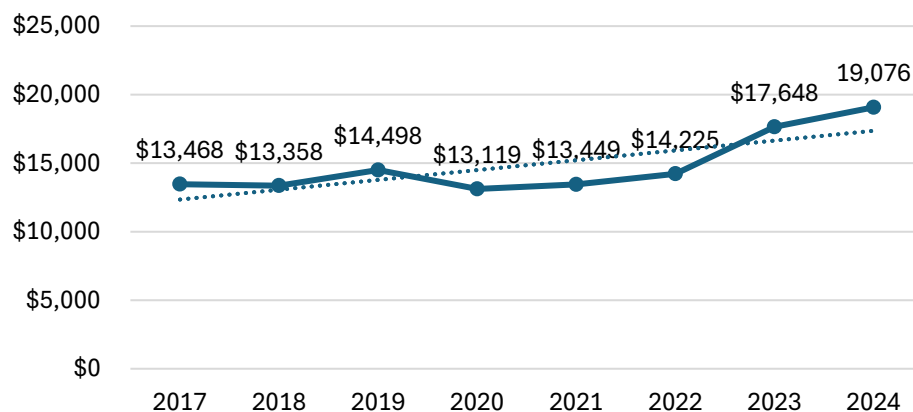
Figure 1: Number of Xcel's GAP Participants Enrolled at Some Time during the Year versus Enrolled as of Year-end (2016-2024)



Participant income

The average annual income of an Xcel GAP participant was \$19,076 in 2024. This shows a further increase since 2024. From 2016 to 2022, prior to auto-enrollment, the average annual income of GAP participants was steadily at approximately \$13,000 - \$14,500. Staff posits that the income increase may be due to auto-enrollment. Customers with a slightly higher income that may not have participated in the past due to less need for the GAP benefits are now in the program.

Figure 2: Xcel's Average Annual GAP Participant Income (2017-2024)⁶



Program retention

In 2024, Xcel's retention rate was 52%.⁷ In 2024, 9,376 participants were removed from GAP.

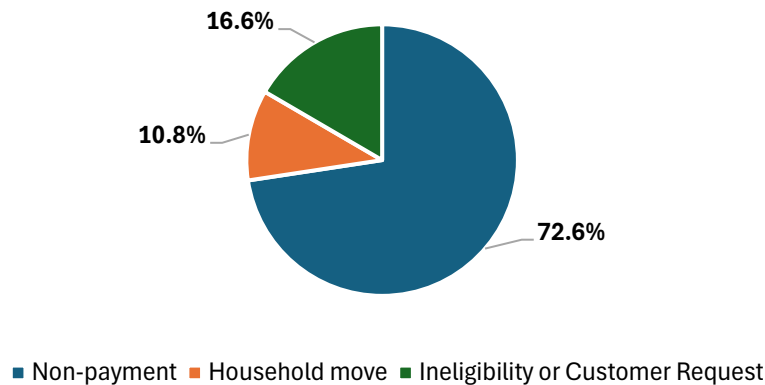
⁶ Xcel 2024 GAP Report, March 31, 2025, Attachment B.

⁷ Xcel 2024 GAP Report, March 31, 2025, Attachment B.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Most removals (72.6%) were due to non-payment.⁸

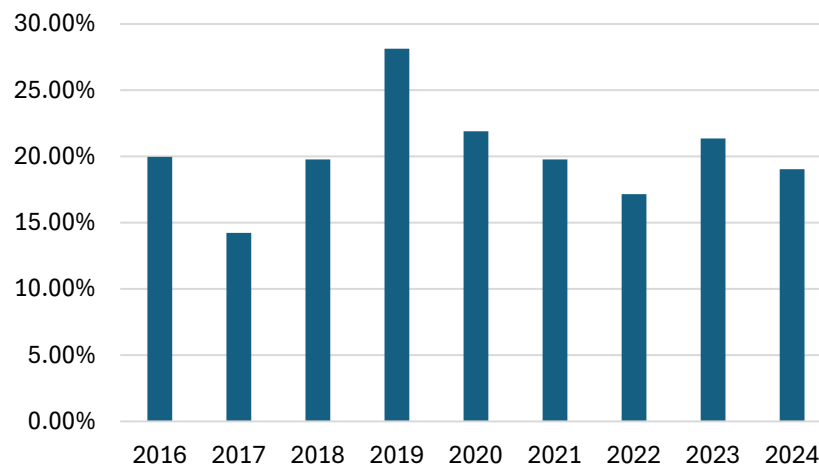
Figure 3: Xcel's GAP Removal Reasons (2024)



Program benefits

Xcel's GAP limits participants' energy burden to 3% of their income. There was a decrease in the affordability and arrears credits in 2024, down from \$307 in 2023 to \$250 in 2024. On average, GAP covers approximately 20% of an Xcel GAP customer's bill, which is no different for 2024.

Figure 4: Percentage of Xcel's Average Annual GAP Benefit that Covers a Participant's Annual Natural Gas Bill (2016-2024)⁹



Payment frequency

The 2024 payment frequency percentages were consistent with the 2023 figures. Xcel says that this is partially due to auto-enrollment, which increased program participation overall.

⁸ Xcel 2024 GAP Report, March 31, 2025, pp. 14-15.

⁹ Xcel 2024 GAP Report, March 31, 2025, Attachment B.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Table 2: Comparison of Xcel's 2024 Payment Frequency to 2023¹⁰

Customer Categories	Percentage Paid of Amount Requested ¹¹		Percentage Paid of Payments Requested	
	2023	2024	2023	2024
GAP participants	109%	108%	65%	64%
LIHEAP-only, non-GAP participants	90%	91%	52%	54%
Non-LIHEAP, non-GAP residential customers	100%	96%	90%	90%

Arrears

In 2024, the average arrears increased for GAP customers and LIHEAP-only customers but decreased for all other residential customers.

Table 3: Xcel's Average Arrearage Levels (2022-2024)¹²

Customer Categories	2022	2023	2024
GAP participants	\$361	\$823	\$993
LIHEAP-only, non-GAP participants	\$264	\$1,240	\$1,337
Non-LIHEAP, non-GAP residential customers	\$813	\$846	\$698

Xcel gives two reasons for arrearage increases:¹³

- 1) The greatest arrearage increase from 2023 to 2024 was for GAP participants. The Company says that it is "reflective of the increase for first-time participants from auto-enrollment and subsequent number of those customers in arrears, upon enrollment."
- 2) Auto-enrollment brought a new subset of qualified customers who had not sought GAP assistance before. The new participants may have different payment behaviors than opt-in customers and likely tend to carry larger past due balances than customers who applied to be enrolled in GAP. The average arrears for GAP participants prior to auto-enrollment was \$294.51 and after auto-enrollment was \$490.81.

Table 4: Xcel's Change in Dollar Amount of Arrears (2023-2024) (%)¹⁴

Customer Categories	2023	2024
GAP participants	128%	59%
LIHEAP-only, non-GAP participants	356%	-27%

¹⁰ Xcel 2023 GAP report, March 29, 2024, Table 2, p. 8; Xcel 2024 GAP Report, March 31, 2025, Table 2, p. 9. Xcel notes that for combination electric and gas customers that are enrolled GAP, partial payment categories reflect all Program participant payments that were less than the total amount due for both electric and natural gas service during the billing period.

¹¹ Xcel notes that the percentages in these columns contain both customer payments and energy assistance, which is why the percentage can be more than 100% in certain circumstances.

¹² Xcel 2022 GAP Report, March 31, 2023, Attachment B; Xcel 2023 GAP Report, March 29, 2024, Table 5, p. 10.

¹³ Xcel 2024 GAP Report, March 31, 2025, p. 11.

¹⁴ Xcel 2024 GAP Report, March 31, 2025, Table 7, p. 12.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Non-LIHEAP, non-GAP residential customers	4%	3%
--	----	----

Xcel said that in 2024, it “witnesses an increase in average arrearage levels for all LIHEAP customers, including those enrolled in GAP.”¹⁵

Service disconnections

In 2024, Xcel disconnected 1,125 GAP participants and 12,156 natural gas or natural gas and electric combination customers. Xcel said that there was an increase in disconnections for all customer categories.

Table 5: Percentage of Xcel Customers Disconnected (2022-2024)¹⁶

Customer Categories	2022	2023	2024
GAP participants	0.8%	1.3%	6.9%
LIHEAP-only, non-GAP participants	2.3%	4.6%	14.2%
Non-LIHEAP, non-GAP residential customers	0.7%	0.8%	2.5%

Coordination with other low-income assistance and conservation resources

Xcel’s communication strategies in 2024 included:

- Contacting eligible customers directly and in a timely manner through multiple channels
- Ensuring that information on its website is accessible and easy to understand
- Training its Customer Care agents with key GAP messages
- Collaborating with community organizations¹⁷

GAP tracker balance

The GAP surcharge for all non-LIHEAP residential customers in 2023 was \$0.00445 per therm used. Therefore, the average residential customer, using 900 therms of natural gas a year, saw an approximate charge of \$0.33/month and \$4.01/year.

Xcel’s annual GAP budget is \$2,500,000. Table 6 is a summary of Xcel’s GAP tracker balance:

Table 6: Xcel’s GAP Tracker Summary (2023-2024)¹⁸

Tracker Balance	2023	2024
Tracker balance as of prior year-end	\$4,019,664	\$2,585,518
Program collections (by per therm surcharge)	\$2,829,829	\$2,491,874
Affordability and arrearage forgiveness benefits	\$4,177,927	\$4,071,058

¹⁵ Xcel 2024 GAP Report, March 31, 2025, p. 11.

¹⁶ Xcel 2024 GAP Report, March 31, 2025, Table 3, p. 9.

¹⁷ Xcel 2024 GAP Report, March 31, 2025, p. 12.

¹⁸ Xcel 2024 GAP Report, March 31, 2025, Table 1, p. 7.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

provided		
Administrative program expenses	\$86,049	\$102,239
Tracker balance as of December 31st	\$2,585,518	\$904,095

The amount of program credits awarded in 2024 decreased from 2023's credits, likely due to the winter's warmer average temperatures. Accordingly, Xcel noted that it collected less funding in 2024 as well. Therefore, there was a smaller tracker balance at the end of 2023 as compared to the start of the year.

Utility bad debt and collection activities

Xcel says that it does not "have the ability to directly tie the extent of the Program's impact on overall collection activity."¹⁹ However, Xcel finds it reasonable to conclude that lower disconnections and average arrearage levels are attributable to customer participation in GAP as compared to LIHEAP-only participation. Therefore, Xcel may have experienced a reduction in collection activity.

Complaints and inquiries

Xcel says that it is not aware of any customer complaints made to PUC's Consumer Affairs Office (CAO), the Office of the Attorney General (OAG), or ECC during the 2024 program year regarding GAP.²⁰ CAO reports 66 complaints related to GAP from Xcel customers in 2024.

Customer service calls

Xcel's Personal Account Representatives (PAR) team received 48,986 calls in 2024. "Call volume in 2024 was nearly 12% higher than 2023 call volume, which was already doubled from 2022 call volume."²¹ Xcel's Credit and Collection department received 244,651 calls from residential customers with a past due balance in 2024. All Customer Service Representatives are trained to offer energy assistance information to any customers that state they are having trouble paying their bill.

A. Party Comments

1. Department Comments

The Minnesota Department of Commerce (Department or DOC) had two significant findings regarding Xcel's GAP:

- 1) Participation rates in the GAP by LIHEAP customers markedly increased under Xcel's autoenrollment. From 2022 to 2024, Xcel's participation rate increased from 33% to 80%.

¹⁹ Xcel 2024 GAP Report, March 31, 2025, p. 12.

²⁰ Xcel 2024 GAP Report, March 31, 2025, p. 15.

²¹ Xcel 2024 GAP Report, March 31, 2025, p. 16.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)
- 2) Total program costs for Xcel are significantly higher than other utilities, but this higher cost may also relate to the higher number of enrolled GAP customers and auto-enrollment.²²

The Department recommends to the Commission that Xcel’s 2024 GAP Report be accepted **(Decision Option 1a)**.

The Department found that several items in the utilities’ attachments to be unclear. The Department recommends that all utilities “annually publish definitions and explanations of methodology for tracker items, all items in the outcome spreadsheet, and all other attachments.” **(Decision Option 2)** The methodological explanation, which would be filed as a separate attachment, should be enough for the Department to recreate all the statistical equations in a utility’s report.

B. Staff Analysis

Xcel has demonstrated a marked improvement to its GAP participation rate of LIHEAP customers. More customers on the program means that more customers can reasonably afford their electric bills and, thereby, have the ability to spend more money on other essential needs like food, transportation, childcare, or rent.

In 2023, when Xcel began auto-enrollment, it saw a sharp drop-off rate two months after the auto-enrollment process began in July due to the provision that removes customers for non-payment if they may miss two consecutive monthly payments. Xcel said that it saw another jump in program removal in 2024:

Many more of these new participants missed required payments than we have historically seen from opt-in participants, which resulted in their removal from the Program, a trend that was particularly evident this past fall.²³

Xcel will allow a customer to return to the program after removal if the customer makes up the missed payments.

The Company is continuing to monitor program removals to evaluate if more customer education on auto-enrollment is needed. Xcel surmises that program removals may decrease as customers continue to be accustomed to GAP auto-enrollment in future years:

The Program has undergone significant changes, and participation levels are starting to gain more consistency as customers become accustomed to auto-enrollment and program requirements.²⁴

In its 2024 report, Xcel reported that disconnections have risen for all customer groups. Xcel

²² DOC comments, May 22, 2025, p. 7.

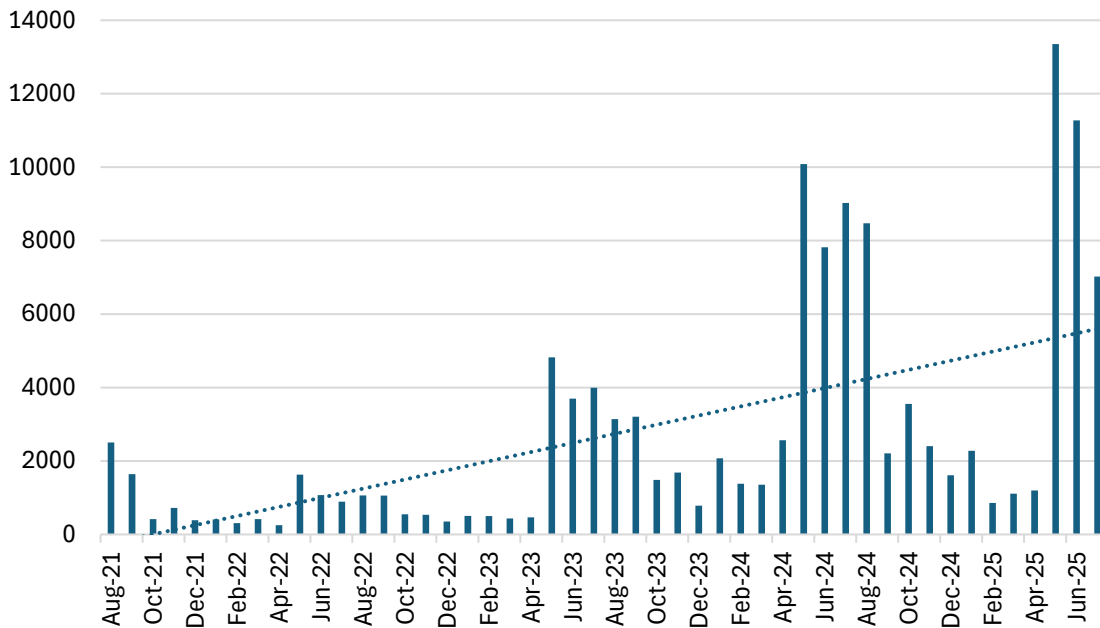
²³ Xcel 2024 GAP Report, March 31, 2025, p. 6.

²⁴ Xcel 2024 GAP Report, March 31, 2025, p. 6.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

has demonstrated a marked increase in involuntary service disconnections over the past few years, which has coincided with the rollout of electric Advanced Metering Infrastructure (AMI) system. Note that Xcel does not report its disconnection numbers separately for its electric, electric-gas combination, or gas customers. Below is a graph of its disconnection numbers historically since the COVID-19 disconnection moratorium ended:

Figure 5: Xcel's Monthly Disconnections (August 2021-July 2025)



Staff included 2025 data into the graph. Disconnections reached a high of 13,353 in May 2025.²⁵

IV. Great Plains Natural Gas (25-37)

Utility request

Great Plains is asking for acceptance of its 2024 annual GAP report (**Decision Option 1b**).

Program participation

Great Plains' GAP participation rate in 2024 decreased from 19% in 2023 to 12% in 2024.²⁶

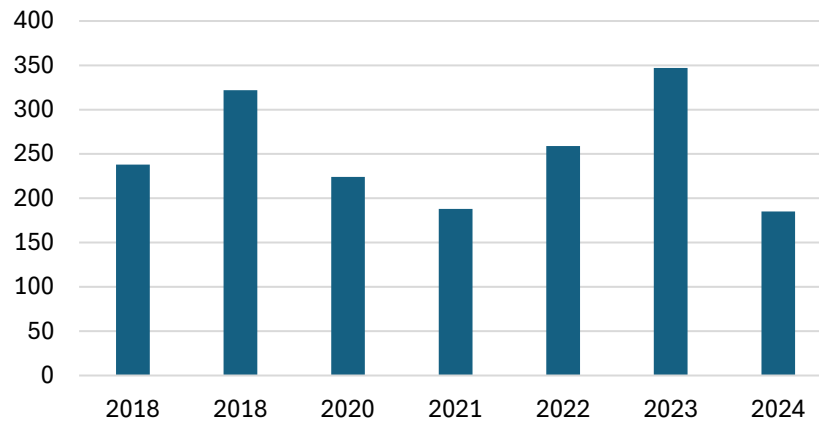
There was a total of 185 GAP participants enrolled and receiving benefits at some time during 2024. In 2023, there were 347 participants at some point during the year. This is a 53.3% decrease.

²⁵ 25-2 Xcel Monthly Reports.

²⁶ Great Plains 2024 GAP Report, March 31, 2025, p. 6.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Figure 6: Great Plains' GAP Participation at Some Time During the Year (2018-2024)



Program retention

Great Plains' GAP retention rate was 76% in 2024.²⁷ This is consistent with recent years.

Program benefits

Great Plains' average overall 2024 GAP benefits were in line with 2023 as shown in Table 7:

Table 7: Great Plains' Average GAP Benefits (2022-2024)²⁸

Average GAP Benefits	2022	2023	2024
Average affordability benefit	\$423	\$414	\$223
Average arrearage benefit	\$121	\$94	\$129
Average total benefit per participant	\$423	\$426	\$230

Participant income

In 2024, the average Great Plains GAP participant had a household income of \$15,454.

Payment frequency

By comparing a current GAP participant's payment frequency to LIHEAP customers that don't participate in GAP, there was a greater dollar amount paid and payments requested.

Table 8: Great Plains' Payment Frequency (2024)²⁹

Customer Categories	Percentage Paid of Dollar Amount Requested	Percentage Paid of Number of Payments Requested
GAP participants	73%	81%
LIHEAP-only, non-GAP	21%	49%

²⁷ Great Plains 2024 GAP Report, March 31, 2025, p. 6.

²⁸ Great Plains 2024 GAP Report, March 31, 2025, Attachment A.

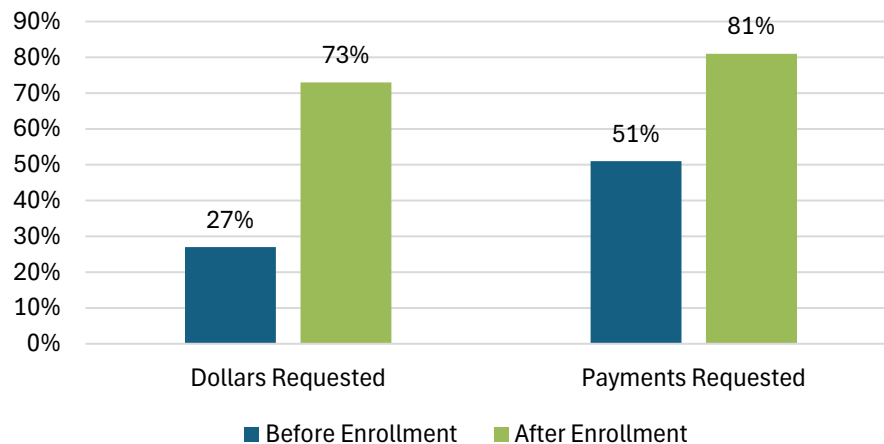
²⁹ Great Plains 2024 GAP Report, March 31, 2025, Attachment A.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

participants		
Non-LIHEAP, non-GAP residential customers	91%	87%

If comparing a GAP participants' cohort to the same group of customers before enrollment, GAP participants paid more frequently after enrollment.

Figure 7: Great Plains' Payment Frequency Before and After Enrollment (2024)³⁰



Arrears

The average arrears balance in 2024 was \$179.72.

Table 9: Great Plains' Average Arrears (2022-2024)³¹

Customer Categories	2022	2023	2024
GAP participants	\$57	\$145	\$180
LIHEAP-only, non-GAP participants	\$154	\$202	\$164
Non-LIHEAP, non-GAP residential customers	\$212	\$204	\$121

14% of customers came into GAP with an arrears balance. GAP participants saw an average 5% decrease in their arrears once they enrolled in the program. Before enrollment in the program, the average GAP participant had \$351.19 in past due bills. After enrollment, the same cohort had an arrears balance of \$179.72.

Service disconnections

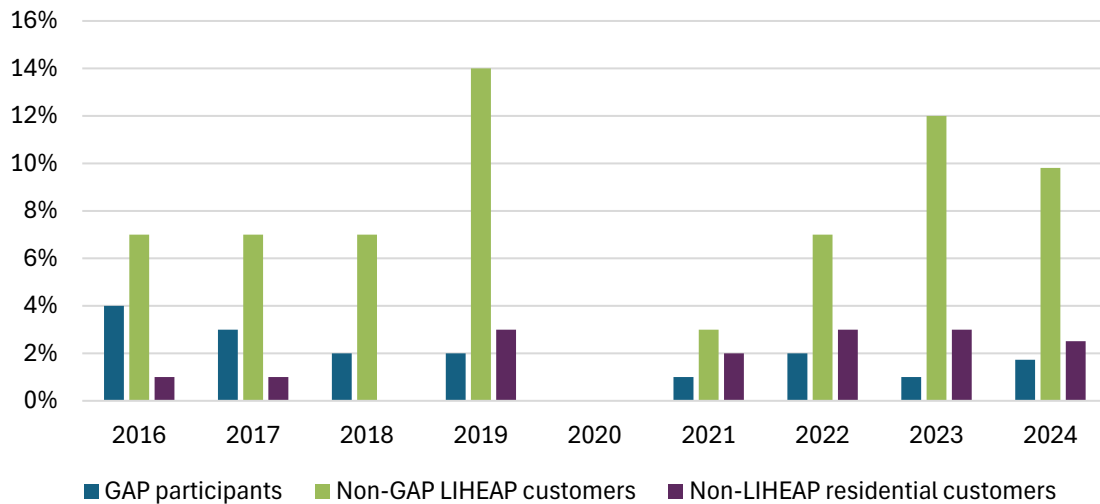
In 2024, GAP customers have the lowest disconnection rates. 2% of GAP participants were disconnected. The disconnection rates for all customer categories are now more in line with pre-COVID years.

³⁰ Great Plains 2024 GAP Report, March 31, 2025, Attachment A.

³¹ Great Plains 2024 GAP Report, March 31, 2025, p. 8.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Figure 8: Great Plains' Disconnection Rates by Customer Category (2016-2024)³²



Coordination with other low-income assistance and conservation resources

In 2024, Great Plains made the following efforts to coordinate and communicate about GAP:

- Coordinated with all agencies in its service territory to provide materials and knowledge of GAP
- Provided brochures with energy-saving tips, contact information for energy assistance agencies, and information about weatherization and CWR
- Sent direct mailings to all customers
- Utilized social media
- Posted the GAP application on Great Plains' and The Salvation Army's websites
- Provided bill inserts and onserts on GAP and CWR
- Promotion of GAP by the Customer Experience team and Credit Department
- Coordination with its ECO³³

Surcharge

In the 2023 GAP Report proceedings, the Commission authorized a surcharge increase.³⁴ In January – August 2024, the GAP surcharge for all non-LIHEAP residential customers was \$0.03399 per dekatherm (dk) used. In September – December 2024, the GAP surcharge was \$0.05218. The average non-LIHEAP residential customer that used 90 dk/year paid a total

³² Great Plains 2016-2024 GAP Reports.

³³ Great Plains 2024 GAP Report, March 31, 2025, pp. 13-15.

³⁴ 24-37 et al Commission Order, August 14, 2024, Order Point 4, p. 2.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

surcharge of \$3.60 annually.³⁵

Tracker balance

In January – August 2024, the annual budget was \$97,000. In September – December 2024, the budget increased to \$146,000.

A summary of Great Plains' 2024 tracker balance is as follows:

Table 10: Great Plains' GAP Tracker Balance (2024)³⁶

Tracker Balance	2024
Tracker balance as of December 31, 2023	-\$106,020.91
Program collections (GAP surcharge)	\$90,905.17
Affordability and arrears credits provided	\$44,676.33
Third-party administrative fee	\$3,500
Tracker balance as of December 31, 2023	-\$59,792.07

Utility bad debt and collection activities

GAP reduced Great Plains' disconnection and reconnection costs in 2024. There were 14 estimated avoided disconnections and reconnections. The Company's estimated avoided cost savings in 2024 was \$2,720.³⁷

Complaints and inquiries

Great Plains reports no complaints about the GAP program in 2024. CAO did not receive any complaints from Great Plains customers regarding GAP.

A. Party Comments

1. Department Comments

First, the Department recommends that Great Plains' 2024 annual GAP report be accepted (**Decision Option 1b**).³⁸

Great Plains agreed that it would include an attachment with the 2025 annual GAP report that provides definitions and explanations regarding all the tracker items (**Decision Option 2**).

The Department recommends that the Commission continue to order more auto-enrollment programs. In **Decision Option 3**, Great Plains would be required to develop a proposal for auto-enrollment in its next annual GAP report. In the proposal, the Department recommends that

³⁵ Great Plains 2024 GAP Report, March 31, 2025, p. 5.

³⁶ Great Plains 2024 GAP Report, March 31, 2025, Attachment A.

³⁷ Great Plains 2024 GAP Report, March 31, 2025, Table 5, pp. 12-13.

³⁸ Department comments, May 22, 2025, p. 21.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Great Plains should include the following:

- A monthly tracker that lists expected funds, costs, and balances for the first five-years of auto-enrollment
- Expected monthly spending, number of GAP participants, and percent of participants who leave or are removed from the program each month
- Explanation of the assumptions made in calculating these estimates³⁹

If the Commission does not order Great Plains to submit an automatic enrollment proposal at this time, the Department would recommend **Decision Option 5** as an alternative. This would allow Great Plains an opportunity to comment on the Department’s recommendation that Great Plains develop an auto-enrollment proposal, after more information is available on LIHEAP funding at the federal level.⁴⁰

2. Great Plains Reply Comments

Great Plains is amenable to providing an attachment with definitions and explanations of calculating tracker balance items (**Decision Option 2**).

Great Plains has concerns regarding developing an auto-enrollment proposal (**Decision Options 3 – 5**):

- 1) Technical feasibility
- 2) Ability to administer an expanded program
- 3) Cost increases
- 4) Impact to customers⁴¹

Currently, GAP is manually administered internally by Great Plains’ Consumer Specialists. In its reply comments, Great Plains states:

Implementation of an automatic enrollment program would therefore be a significant undertaking requiring information technology, accounting and credit-related resources in order to effectively implement automatic enrollment in GAP following approval of a proposed plan.⁴²

3. Department Reply Comments

While the Department understands Great Plains’ concerns, the benefits of auto-enrollment are larger than the costs. Therefore, the Department asserts, this is an indicator that auto-

³⁹ Department comments, May 22, 2025, p. 20.

⁴⁰ Department comments, May 22, 2025, p. 21.

⁴¹ Great Plains reply comments, June 5, 2025, p. 2.

⁴² Great Plains reply comments, June 5, 2025, p. 2.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

enrollment is in the public interest. The Department lists the benefits of auto-enrollment in its reply comments:

- Reduce the societal stigma of benefiting from a low-income program
- Remove the barrier of filling out a burdensome application
- Helps notify customers of GAP
- Combine the GAP credit with the LIHEAP grant to raise the benefit and financial appeal for customers to not opt out and keep the credit
- Lower participants' energy burden
- Allow participants to have more income to spend on other household necessities⁴³

Therefore, the Department continues to recommend requiring Great Plains to conduct a feasibility study of implementing auto-enrollment. In its initial comments, the Department recommended that Great Plains include the feasibility study in its 2025 GAP report filing (**Decision Option 3**). In reply comments, the Department adds the alternative of Great Plains submitting its study in six months from the date of Commission Order (**Decision Option 4**).

B. Staff Analysis

Great Plains' GAP participation rate is low at 12%. It is unclear why the Great Plains' participation rate has never risen above 20%.⁴⁴

First, Great Plains saw a 23% decrease in the number of GAP applications received in 2024, as compared to 2023. Additionally, Great Plains' customers submitted 11% less LIHEAP applications as in 2023. Therefore, there is a smaller pool of customers to receive GAP.

Second, however, only 185 customers out of 426 GAP applications received were ultimately enrolled in the program. This is a 43.4% approval rate. Great Plains' GAP report did not explain why the GAP application approval rate is less than 50%.⁴⁵

Should the Commission approve an auto-enrollment process for Great Plains in the future, Great Plains' GAP participation would almost certainly rise. Auto-enrollment also removes the application process entirely, so a low approval rate would no longer be a factor to low GAP participation. Since Xcel and CenterPoint have begun auto-enrollment, GAP participation has doubled.

Both **Decision Options 3 and 4** would require Great Plains to file an auto-enrollment proposal; the difference being that **Decision Option 3** would require the proposal to be in Great Plains' next GAP report, and **Decision Option 4** would require the proposal to be in a compliance filing

⁴³ Department reply comments, July 9, 2025, p. 3.

⁴⁴ Great Plains 2016-2024 GAP reports.

⁴⁵ Great Plains 2024 GAP report, March 31, 2025, p. 6.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

six months from the Order. Since Xcel and CPE's auto-enrollment proposals were filed with their annual reports, Staff prefers **Decision Option 3** to maintain consistency across the GAP dockets.

Regarding the Department alternative **Decision Option 5**, CPE filed its annual report on June 30, 2025, but there has been uncertainty around federal LIHEAP funds. LIHEAP funding is typically released in early November each year, but the Department's EAP division has said that a delay in the release of funding to be possible. **Decision Option 5** would allow the Executive Secretary to decide upon a comment period. Therefore, a comment period would likely be opened in late fall to early winter 2025.

While Great Plains does not support **Decision Options 3 - 5**, Staff concurs with the Department that exploration of the idea may be worthwhile.

To Great Plains' credit, the Company conducts excellent, proactive customer outreach, even going so far as to allowing a customer to return to the program after removal if the customer makes up the missed payments.

V. CenterPoint Energy (25-38)

Utility request

CenterPoint Energy is requesting that the Commission approve its 2024 GAP report (**Decision Option 1c**).

GAP auto-enrollment

Per the Commission's September 7, 2023 Order, CenterPoint began automatically enrolling LIHEAP-eligible customers in GAP on January 1, 2024.⁴⁶ Customers are given 30 days to opt-out of the program. Customers that have opted out are still eligible to participate in GAP that year, should they wish to do so. CPE coordinated with CUB, ECC, CAO, and Department staff on the creation and design of customer communications.

GAP program year adjustment

CenterPoint's GAP program year was previously January 1 – December 31. In Docket 23-84, CenterPoint's 2022 Annual GAP Report, the Citizens Utility Board of Minnesota (CUB) and ECC noted that LIHEAP applications can take an extended time to be processed by LIHEAP Service Providers.⁴⁷ CPE may have been removing customers on December 31 before a customer had their LIHEAP application approved. CUB and ECC recommended to the Commission that CPE's annual GAP recertification date be moved to May 1 annually. The Commission's September 7, 2023 Order required CenterPoint to propose a possible recertification date between March 1

⁴⁶ Docket No. 23-84 et al September 7, 2023 Commission Order, Order Point 15.

⁴⁷ Docket No. 23-84 CUB and ECC joint comments, May 15, 2023, pp. 4-7.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

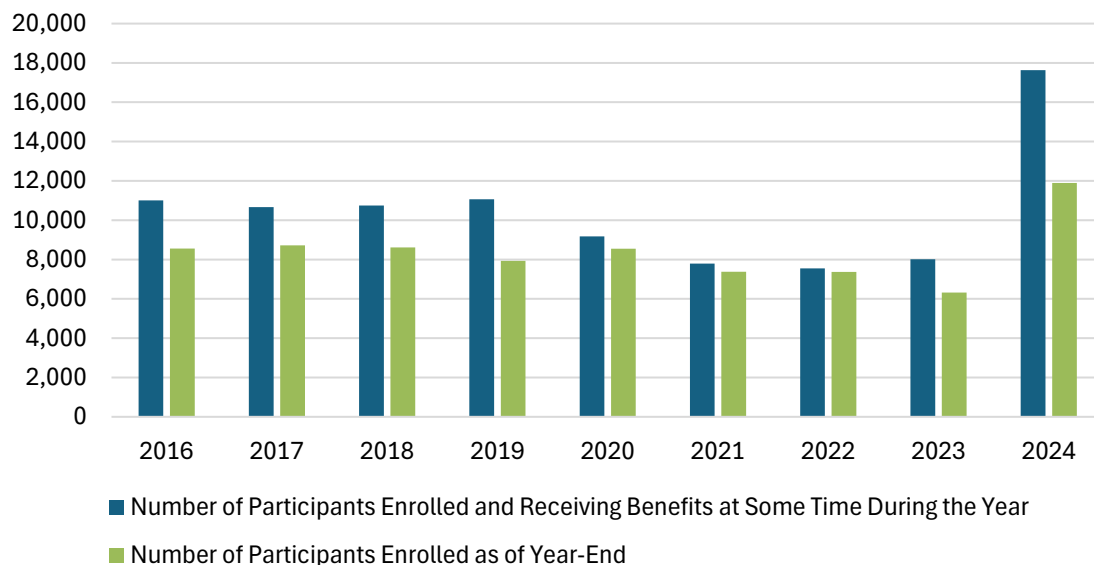
and May 1. The Commission used the negative check-off process requiring CPE to make a compliance filing. If no party objected to the filing within 30 days, the new recertification date would go into effect.⁴⁸ CPE filed a compliance filing with new tariff pages on February 9, 2024⁴⁹ that changed the program start date to March 1. Since there were no objections, CenterPoint's GAP year was changed to March 1 – February 28 annually.

Going forward the annual GAP reports will be a 12-month review of the new GAP year of March 1, 2024, through February 28, 2026, to be filed June 30, 2026.⁵⁰

Program participation

At some point in 2024, there was a maximum of 17,632 customers enrolled in CPE's GAP. Figure 9 demonstrates an increase in GAP participation due to auto-enrollment.

Figure 9: CenterPoint's GAP Enrollment (2016-2024)⁵¹



Program retention

CPE's 2024 overall program retention rate was 44%. The table below provides more details regarding GAP retention:

Table 11: CenterPoint's GAP Customer Retention and Renewal (2023-2024)⁵²

Renewal Timeline	2023	2024
Renewed within 30 days	42%	53%
Enrolled in 31-60 days	9%	23%

⁴⁸ Docket No. 23-84 et al September 7, 2023 Commission Order, Order Point 16.

⁴⁹ Docket No. 23-84 compliance filing, February 9, 2024.

⁵⁰ CPE 2024 GAP Report, March 31, 2025, p. 23.

⁵¹ CPE 2024 GAP Report, June 30, 2025, Schedule D.

⁵² CPE 2024 GAP Report, June 30, 2025, Schedule D.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Enrolled in 61-90 days	2%	0%
Enrolled in 91-150 days	5%	4%
Enrolled in 151 days	6%	4%
Application rejected (No LIHEAP, incomplete GAP application, etc.)	1%	1%
Did not re-apply/Other	35%	15%

Program benefits

The average program benefits for GAP customers in 2024 are listed in Table 12:

Table 12: CenterPoint's Program Benefits (2022-2024)⁵³

Program Benefits	2022	2023	2024
Average annual affordability credit per participant	\$858	\$953	\$561
Average annual arrears forgiveness credit per participant	\$35	\$67	\$209
Average total benefit per participant	\$892	\$1,020	\$770

Participant income

The average participant income in CPE's GAP was \$21,042 in 2024.⁵⁴ There has been a steady increase in GAP participant income since 2017.

Payment frequency

GAP participants paid 11% more towards their bills as compared to LIHEAP-only customers, and GAP participants paid their monthly bills 10% more regularly as LIHEAP-only customers.

Table 13: CenterPoint's Payment Frequency (2024)⁵⁵

Customer Categories	Percentage Paid of Dollar Amount Requested	Percentage Paid of Monthly Payments Requested
GAP participants	32%	11%
LIHEAP-only, non-GAP participants	21%	15%
Non-LIHEAP, non-GAP residential customers	82%	62%

The average bill for GAP customers in 2023 was \$118.25 per month. The average monthly bill for GAP customers in 2024 had decreased to \$84.25.

⁵³ CPE 2024 GAP Report, June 30, 2025, Schedule D.

⁵⁴ CPE 2024 GAP Report, June 30, 2025, Schedule D.

⁵⁵ CPE 2024 GAP Report, June 30, 2025, Schedule D. *Staff consulted with CPE staff to verify data.*

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Arrears

In 2024, GAP participants' average arrears were 76% lower than LIHEAP-only customers' arrears.

Table 14: CenterPoint's Average Arrears (2022-2024)⁵⁶

Customer Categories	2022	2023	2024
GAP participants	24%	38%	-28%
LIHEAP-only, non-GAP participants	31%	33%	48%
Non-LIHEAP, non-GAP residential customers	9%	17%	32%

Before joining the program, the average new participant's arrears were \$351.19. After joining the program in 2024, GAP participants had average arrears of \$179.72.

Service disconnections

In 2024, 2,055 GAP customers were disconnected, which is up from 958 in 2023. GAP participants had a higher disconnection rate than any other customer category.

CPE says that implementing auto-enrollment has had a demonstratable impact on the number of disconnections for their LIHEAP-only, non-GAP customers:

Auto-enrollment to GAP has decreased the number of LIHEAP Non-GAP customers, however auto-enrollment started in January of 2024, customers who received LIHEAP in late 2023 for the 2023-2024 LIHEAP season may not have been auto enrolled into the 2024 GAP program year.⁵⁷

Table 15: CenterPoint's Disconnection Rates (2022-2024)⁵⁸

Customer Categories	2022	2023	2024
GAP participants	3.2%	12%	11.7%
LIHEAP-only, non-GAP participants	7.7%	14.4%	9.9%
Non-LIHEAP, non-GAP residential customers	2.4%	3.4%	3.3%

The GAP participants' disconnection rate before they were enrolled in GAP was 7.92% and went down to 3.73% after GAP enrollment.

Coordination with other low-income assistance and conservation resources

CenterPoint is required to submit quarterly reports on its GAP outreach efforts. It offers no-cost ECO/CIP services to GAP customers that include home efficiency and insulation rebates and energy reports.⁵⁹ CPE cross-promotes GAP and its ECO/CIP, often in partnership with low-

⁵⁶ CPE 2024 GAP Report, June 30, 2024, Schedule D.

⁵⁷ CPE 2024 GAP Report, June 30, 2024, p. 12.

⁵⁸ CPE 2024 GAP Report, June 30, 2025, p. 12.

⁵⁹ CPE 2024 GAP Report, June 30, 2025, pp. 16-22.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

income organizations and agencies. CPE utilizes direct mailings, social media, manual calls, attending events, etc. After auto-enrollment began, outreach focused on customers that would like to opt-out of GAP. 99 customers opted out.⁶⁰

Surcharge

The Commission's August 14, 2024 Order approved CenterPoint's request to increase its GAP surcharge to \$0.00764 per therm.⁶¹ The average surcharge for a residential customer that uses 900 therms annually was \$6.54.⁶²

Tracker balance

CPE's 2024 GAP fund cap is \$10,000,000. At the end of 2024, CPE's tracker balance after expenses sat at more than \$2 million.

Table 16: CenterPoint's Tracker Summary (2024)⁶³

Tracker Balance	2024
Tracker balance as of December 31, 2023	\$2,431,127
Program collections (for GAP surcharge)	-\$1,233,415
Affordability and arrears credits provided & administrative costs	\$6,064,974
Tracker balance as of December 31, 2024	\$783,478

CPE is hopeful but uncertain that its level of participation will continue. The Company is monitoring its GAP tracker in regard to the number of participants and forecasted recovery.

Utility bad debt and collection activities

CenterPoint's actual bad debt expense in 2024 was \$7,698,000, compared to \$4,634,908 in 2023.⁶⁴ The average write-off to arrears percentage is 8.7%. CenterPoint says that it is "not known how the GAP eligible or GAP participants' ratio of write-off to arrearage (or final bill) compares to non-GAP eligible or non-GAP participant customers."⁶⁵

Complaints

CenterPoint reports six customer complaints related to GAP in 2024.⁶⁶ Below are details of each:

⁶⁰ CPE 2024 GAP Report, June 30, 2025, p. 21.

⁶¹ 24-38 et al Commission Order, August 14, 2024, Order Point 5, p. 2.

⁶² CPE 2024 GAP Report, June 30, 2025, Schedule D.

⁶³ CPE 2024 GAP Report, June 30, 2025, Schedule D.

⁶⁴ CPE 2024 GAP Report, June 30, 2025, p. 5.

⁶⁵ CPE 2024 GAP Report, June 30, 2025, p. 6.

⁶⁶ CPE 2024 GAP Report, June 30, 2025, pp. 14-15.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Table 17: Details on CenterPoint's GAP Complaints (2024)

Complaint	Resolution
Customer had an account inquiry who questioned LIHEAP receipt.	CPE confirmed enrollment into GAP following receipt of LIHEAP.
CAO asked why customer was not auto-enrolled in GAP.	CPE found that customer had existing payment agreement. Customer was removed from existing payment agreement and manually enrolled into GAP.
CAO asked why customer was not enrolled in GAP.	Customer had a pending LIHEAP application with Hennepin County and was not qualified at the time of the inquiry.
Customer was disconnected.	Customer was enrolled in GAP with reconnection of service.
CAO requested CPE to review customer account and enroll customer in GAP if possible.	Customer outreach was done, GAP was explained to customer, and customer confirmed enrollment.
Customer received bill message warning of GAP de-enrollment due to missed payment.	Customer account reviewed and found customer was actively on GAP. Customer missed payments and is no longer active on GAP.

CAO handled 85 customer complaints from CPE's customers in 2024 in which GAP was a factor.

A. Party Comments

1. Department Comments

Report

The Department finds that the Company's reporting requirements were complete (**Decision Option 1c**).

Auto-enrollment

CenterPoint's tariff book allows for opting out of the program. The Department asks CenterPoint to reply in its next comments whether after opting-out, customers could later enroll in GAP.

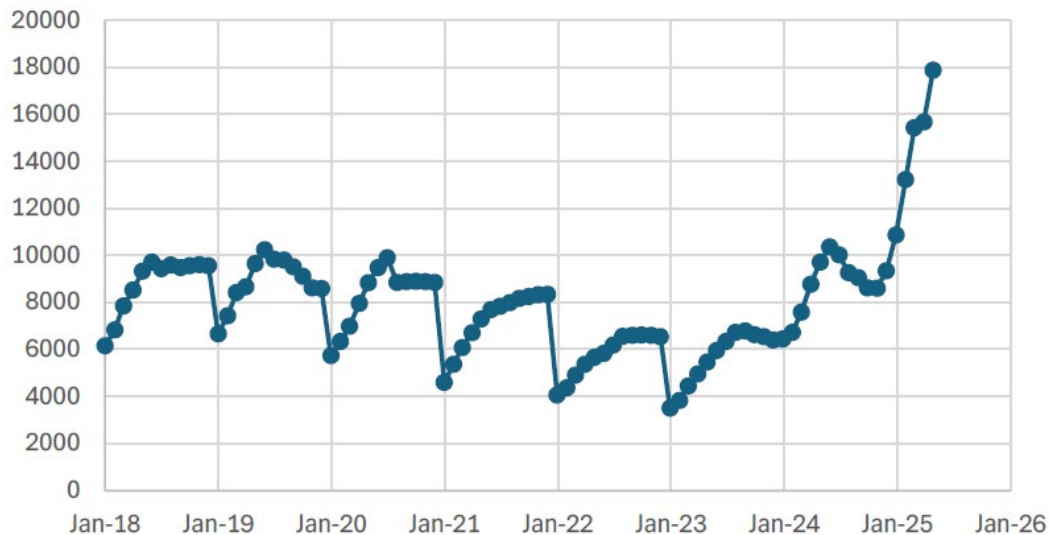
Enrollment Cyclical Trends

The Department notes that a substantial number of GAP participants may not be enrolled January – March when the winter weather is at its height, and GAP benefits are at their most needed.⁶⁷ The Department says that it will be monitoring whether large drops in the number of customers on GAP will continue next January.

⁶⁷ Department comments, August 12, 2025, p. 14.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Figure 10: CenterPoint's Number of Customers (January 2018-February 2025)⁶⁸



Participation

The Department says that the number of customers that benefitted in GAP in 2024 substantially increased from 2023, an 88.1% increase. This is contrasted with steady GAP customer counts in the previous four years.

Returning to program

In CenterPoint's report, it addressed a request from CAO, asking that "modify its program to allow customers to make up the missed payments to be placed back on GAP."⁶⁹

The Department believes that it is a judgment call and provides pros and cons, including decision options.

Approve adding customers back to program immediately

Allowing customers who have missed two consecutive payments may result in more cost in the form of bad debt, which would be expensed in rate cases and contribute to higher rates for all customers. Customers removed from GAP are more likely to miss payments in the future. Further, as the Company gains more experience with auto-enrollment, there will be more data. Therefore, the Department offers **Decision Option 7**:

Require CenterPoint Energy to allow customers to re-enroll onto GAP after two months of removals due to non-payment. If two consecutive months of nonpayment occurs again, CenterPoint may remove the customers from GAP

⁶⁸ Department comments, August 12, 2025, Figure 1, p. 14.

⁶⁹ Department comments, August 12, 2025, p. 12.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

again.⁷⁰

Deny adding customers back to program immediately and require further study

Conversely, not allowing customers to re-enroll in GAP may impose inequities. Customers who miss payments may have had to decide to sacrifice payments for other necessities when income is not enough. Customers not allowed to return to GAP may see a higher energy burden. The Department offers **Decision Option 8**:

Require CenterPoint Energy allow one to two years of experience with auto-enrollment before considering whether to re-enroll customers removed from GAP because of non-payment. During that time, CenterPoint Energy will track the percent of customers that do not pay their bill for two consecutive months who have already been removed due to non-payment. CenterPoint Energy shall report in its annual report the 25th, 50th, and 75th percentiles of the number of months before a customer misses two consecutive months of payment.⁷¹

Costs

Regarding possible benefits of auto-enrollment, the Department says that “early results did not always produce significant utility-wide outcomes.”⁷² Also, long-term effects may be different from early results.

GAP costs have been on an upward trend since 2021. 2024’s increase was not as much as the increase from 2021 to 2022 and 2022 to 2023. The Department says that “startup costs from auto-enrollment are not yet in the cost estimates,”⁷³ which CenterPoint says will be in a future compliance filing.

The reduction of bad debt expense in 2024 was \$431,000. There was a small increase in write-off-percentage in dollars.

Monitoring spending

In the Commission’s September 7, 2023 Order, CenterPoint was required to monitor its monthly spending to and from the GAP program.⁷⁴ The Department recommends that Order

⁷⁰ Department comments, August 12, 2025, p. 13.

⁷¹ Department comments, August 12, 2025, p. 13.

⁷² Department comments, August 12, 2025, p. 7.

⁷³ Department comments, August 12, 2025, p. 7.

⁷⁴ Commission Order, September 7, 2023, Order Point 14, pp. 5-6. *The reported percentiles must adjust for the censoring of observations. Adjustments for censoring must be made for customers that leave GAP at varying lengths of time. For customers not on GAP, CenterPoint must adjust the percentiles times for customers that are no longer a CenterPoint customer. The percentiles must also be calculated for at least one year before and one year after autoenrollment. The before and after time periods must be the same. Before calculating the statistics, CenterPoint must consult the Department. Although the statistics will provide an upper estimate on the risk to*

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Point 14 continue through the next year until the effective date of the Commission's Order on GAP reports in 2026 (**Decision Option 6**).

2. CenterPoint Reply Comments

Opting out

The Company confirms if a customer opts out of joining GAP during the automatic enrollment onboarding process, the customer can later choose to join GAP. CPE says that 99 customers opted out of auto-enrollment.

Returning to program

CenterPoint is willing to consider whether it could re-enroll customers in GAP after they default on the program for missing two consecutive monthly payments. As an alternative to the two decision options the Department offered (**Decision Options 7 or 8**), the Company offers the simpler **Decision Option 9** in which it would file more information about re-enrollment of customers in its 2025 GAP Report to be filed on June 30, 2026. CPE says that it would like to better understand trends of the program after beginning automatic enrollment before it makes additional changes.⁷⁵

Monitoring spending

CenterPoint agrees with the Department's recommendation of **Decision Option 6**. The Company notes that such a filing will include an evaluation of possible modifications to avoid closure of the program. There are positive participation rates, but CPE is still working to understand the impacts of auto-enrollment. Also, winter recovery is different from summer recovery.

B. Staff Analysis

Staff commends CenterPoint for the enhanced participation in its GAP through auto-enrollment. Based on the preliminary data after the first year of auto-enrollment, participation has grown, which in turn lowers customers' energy burdens.

Staff addresses the issue with the most contention in CenterPoint's GAP docket – whether CPE should be re-enrolling interested customers after they have been removed from the program for non-payment. Currently, the Company only allows customers to sign up for GAP once per year. MERC has the same policy. Xcel, Great Plains, and GMG will allow customers to re-enroll.

allowing customers to return, the risk may be overstated in that customers not on GAP may be less likely to miss payments if they are allowed to return to GAP, they have experienced the burden of higher payments, and their current bill is lower due to being back on GAP.

⁷⁵ CenterPoint reply comments, August 26, 2025, p. 4.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

There are three Decision Options offered to address the question:

- **Decision Option 7:** Require CenterPoint Energy to allow customers to re-enroll in GAP after being removed due to non-payment if the customer has since made up the missed payments. If two consecutive months of non-payment occurs again, CenterPoint may remove the customers from GAP again. (*DOC alternative*)

[OR]

- **Decision Option 8:** Require CenterPoint Energy to allow one to two years of experience with auto-enrollment before considering whether to re-enroll customers removed from GAP because of non-payment. During that time, CenterPoint Energy shall track the percent of customers who do not pay their bill for two consecutive months who have already been removed due to non-payment. CenterPoint Energy shall report in its annual report the 25th, 50th, and 75th percentiles of the number of months before a customer misses two consecutive months of payment. (*DOC alternative*)

[OR]

- **Decision Option 9:** Require CenterPoint Energy, in its June 2026 GAP filing, to report on the option of allowing customers to re-enroll in GAP after two months of non-payment leading to removal from the program. (*CPE*)

The Department's first option immediately allows customers to re-enroll in GAP. If there is another two consecutive months of non-payment, CPE would be allowed to remove the customers from the program again.

The Department's second alternative option would allow CenterPoint to get a year or two of experience and data gathering of auto-enrollment before the Commission decides whether Company should be required to re-enroll customers. If the Commission approves re-enrollment, customers who have already been removed from GAP once and, again, miss two consecutive monthly payments, must be removed from GAP again. Therefore, the Department recommends requiring CPE to track the duration between the first date of removal from GAP and the second missed payment after removal to estimate how long re-enrolled customers would likely remain enrolled in GAP before potentially being removed again if re-enrollment were allowed.

CPE offers a simpler alternative in which the Company could report in its next filing whether it could re-enroll customers that had been removed for non-payment.

The Commission may wish to consider allowing customers back onto the program to better assist them. There may be households who had a short period of unemployment, experience a medical emergency, or another unexpected expense like a car that needed repairs, and then these households had to choose between basic needs like rent, food, or transportation. Additionally, though, Staff agrees with CPE that it would be most prudent to understand trends of the program after beginning automatic enrollment before it makes additional changes. Further, the Company's tracker balance at the end of 2024 was under \$1 million (\$783,478). If the Company reaches its GAP spending cap, CPE may be forced to waitlist customers who also

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

could benefit from the program.

VI. Minnesota Energy Resources (25-39)

Utility requests

MERC is requesting acceptance of its 2024 annual GAP report (**Decision Option 1d**).

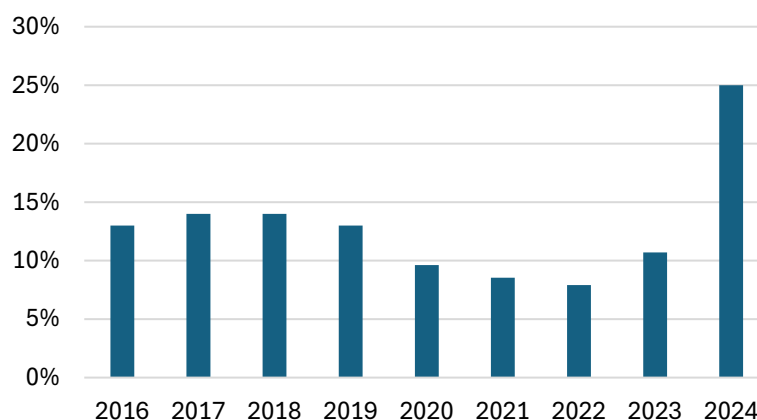
Also, MERC is requesting continuation of its three percent income affordability credit (**Decision Option 10**).

Finally, MERC is requesting that the Commission grant approval of its auto-enrollment plan (**Decision Option 11**).

Program participation

MERC's GAP had a participation rate of 25% in 2024. This is approximately double the participation rate since the beginning of the program as the average participation rate from 2016 to 2023 was 11%.

Figure 11: MERC's GAP Participation Rates (2016-2024)⁷⁶



There was a total of 1,864 customers enrolled in MERC's GAP at some point during the 2024 program year.

Program retention

In 2023, MERC had a retention rate of 91%. 188 customers were removed from the program for moving out of the service area, not reapplying, or not qualifying. 0.2% of GAP customers defaulted on the program for non-payment.⁷⁷

⁷⁶ MERC 2024 GAP Report, March 31, 2024, Attachment B.

⁷⁷ MERC 2024 GAP Report, March 31, 2024, Table 9, p. 21.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Program benefits

In 2024, MERC's average annual affordability benefit was \$506.23, and the average monthly arrears forgiveness benefit was \$42.19. The average total benefit was \$514.78 in 2024.⁷⁸

Participant income

The average participant income in MERC's GAP was \$7,289 in 2024.⁷⁹ This is half the amount of the average GAP participant's income in 2023.

Payment frequency

MERC's GAP participants have the lowest payment frequency of all customer groups.

Table 18: MERC's Payment Frequency (2024)⁸⁰

Customer Categories	Percentage Paid of Dollar Amount Requested	Percentage Paid of Monthly Payments Requested
GAP participants	14%	52%
LIHEAP-only, non-GAP participants	58%	96%
Non-LIHEAP, non-GAP residential customers	93%	93%

Arrears

For MERC GAP customers with arrears, the average arrears balance was \$99.63.⁸¹ 7% of GAP customers are in arrears, which is lower than LIHEAP-only customers (29%) and non-LIHEAP residential customers (17%). 498 GAP customers that enrolled at the end of 2024 had credit balances greater than \$500.

Service disconnections

Four GAP customers were disconnected for nonpayment in 2024.

Table 19: MERC's Disconnections by Customer Category (2024)⁸²

Customer Categories	Disconnections (#)	Customers (%)
GAP participants	4	0.21%
LIHEAP-only, non-GAP participants	908	6.68%
Non-LIHEAP, non-GAP residential customers	2,970	1.39%

⁷⁸ MERC 2024 GAP Report, March 31, 2025, Attachment B.

⁷⁹ MERC 2024 GAP Report, March 31, 2025, Attachment B.

⁸⁰ MERC 2024 GAP Report, March 31, 2025, Table 8, p. 16.

⁸¹ MERC 2024 GAP Report, March 31, 2025, p. 7.

⁸² MERC 2024 GAP Report, March 31, 2025, Table 6, p. 14.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Coordination with other low-income assistance and conservation resources

MERC is required to file quarterly reports on its GAP promotional efforts. Since GAP is now administered internally by MERC (formerly administered by The Salvation Army), the Care Center representatives were trained on the new internal referral process and the benefits of GAP, especially for those customers with significant post-CWR arrears and customers struggling to make payments.⁸³ When customers call the Care Center, the representatives refer individuals to MERC's CIP Weatherization and the 4U2 (limited income) programs.⁸⁴ MERC promotes GAP through its website, bill inserts, communications with Energy Assistance agencies, targeted mailings, etc.

GAP tracker balance

In previous Orders, the Commission approved requests from MERC to temporarily suspend its \$750,000 GAP budget⁸⁵ and reduce the surcharge to \$0.00000/therm.⁸⁶

Table 20: MERC's Tracker Balance (2024)⁸⁷

Tracker Balance	2024
GAP tracker balance as of December 31, 2023	\$6,112,669
Actual program revenue	-\$847
Actual program cost⁸⁸	\$959,559
GAP tracker balance as of December 31, 2024	\$5,464,539

Complaints

MERC received two complaints from CAO in 2024.⁸⁹

Table 21: Details on MERC's GAP Complaints (2024)

Complaints
Customer did not appreciate receiving payment reminder calls.
Customer incorrectly thought they had been removed from GAP for a missed payment but were removed due to enrolling in CWR protections.

CAO reported handling four GAP-related complaints in 2024.

⁸³ MERC continues to support The Salvation Army's HeatShare fund.

⁸⁴ MERC 2024 GAP Report, March 31, 2024, p. 12.

⁸⁵ Docket No. 22-154 et al Commission Order, August 8, 2022, Order Point 11, p. 11.

⁸⁶ Docket No. 23-85 et al Commission Order, September 7, 2023, Order Point 17, p. 6.

⁸⁷ MERC 2024 GAP Report, March 31, 2025, Table 10, pp. 24-25.

⁸⁸ MERC did not include administrative costs in the GAP program cost.

⁸⁹ MERC 2024 GAP Report, March 31, 2025, p. 22. MERC did not provide the resolutions to its GAP customer complaints.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Utility bad debt and collection activities

MERC analyzed cost-effectiveness by avoided write-offs, service disconnections and reconnections, and collection activities. MERC continued to see a greater benefit from GAP.

Table 22: MERC's GAP Cost-Effectiveness (2020-2024)⁹⁰

Cost-Effectiveness	2020	2021	2022	2023	2024
Program costs	\$629,009	\$704,867	\$363,602	\$767,924	\$959,559
Savings from avoided write-offs	(\$351,456)	(\$354,970)	(\$48,560)	(\$775,122)	(\$974,310)
Savings from avoided disconnects, reconnects, and collections⁹¹	(\$2,480)	(\$620)	(\$7,595)	(\$11,935)	(\$14,940)
Cost/(Benefit)	\$275,074	\$349,278	\$307,447	(\$19,133)	(\$29,691)

A. Automatic Enrollment Proposal

The Commission's August 14, 2024 Order required MERC to propose an auto-enrollment program in its 2025 GAP report.⁹²

The Company proposes to automatically enroll customers for GAP, starting in summer 2026 (**Decision Option 11**). Additionally, the Company will report preliminary results of auto-enrollment in its 2026 GAP report, to be filed on March 31, 2027 (**Decision Option 13**).

MERC will be able to fund the proposed auto-enrollment program with its currently positive tracker balance of \$5.46 million as of year-end 2024.⁹³ The Company used the following assumptions to estimate its monthly GAP spending if all customers who receive LIHEAP and are eligible to participate in GAP based on their income and energy costs were to be enrolled through auto-enrollment:

- MERC began with the total actual pool of 12,786 MERC LIHEAP customers as of July 2024.
- MERC assumed a reduction of 0.5 percent of the pool of LIHEAP customers that could potentially be eligible for GAP, based on MERC's annual average of monthly net change in GAP participants in 2024.
- MERC estimated that 70 percent of all LIHEAP customers will be eligible for GAP based on customer income and natural gas bills.

⁹⁰ MERC 2023 GAP Report, March 31, 2025, Table 3, p. 9.

⁹¹ Service disconnections, reconnections, and other collection costs were estimated by assuming all service disconnections were prevented through enrollment in GAP that would have also involved a service reconnection; estimated the cost of each disconnection/reconnection to be \$175; and estimated the cost of preparing and mailing disconnect notices and the required collection calls to be \$5 per customer.

⁹² Docket No. 24-39 et al, Commission Order, August 14, 2025, Order Point 6, p. 2.

⁹³ MERC 2024 GAP Report, March 31, 2025, p. 25.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)
- MERC computed the estimated monthly affordability credit program costs based on the five-year average of monthly customer affordability credits. Based on this estimate, MERC forecasted annual affordability credits to cost approximately \$3.9 million per year.
- MERC estimated a range of arrearage forgiveness credit costs based on a range of the percent of enrolled GAP participants who enter GAP with arrears and receive arrearage forgiveness. MERC's low-end estimate is seven percent. MERC's high-end is equal to 32 percent. MERC forecasted annual arrearage forgiveness credit costs of approximately \$35,000 to \$160,000.
- MERC estimated annual administrative costs equal to five percent of total annual program spending on affordability and arrearage forgiveness at approximately \$200,000. MERC anticipates incurring incremental costs to implement automatic enrollment including customer communications and other expenses. Actual costs would be tracked and included in the tracker for recovery.⁹⁴

Based on these assumptions, MERC's projected annual cost for GAP automatic enrollment is approximately \$4.1 million to \$4.24 million. Therefore, MERC is proposing to increase its annual GAP program budget to \$4.5 million. Additionally, MERC is proposing that its total GAP costs including start-up costs, affordability, arrearage forgiveness, and administrative costs do not exceed \$4.5 million per year (**Decision Option 12**). The Company anticipates that it will not need to waitlist new enrollees within the first year that automatic enrollment is in operation.

MERC currently does not have a positive GAP surcharge in place.

MERC is not proposing reinstatement of a positive surcharge rate at this time but requests flexibility to request approval from the Commission to set a positive GAP surcharge outside of the annual GAP reporting process and timeframe when the available tracker balance is spent down.⁹⁵

Therefore, MERC has proposed tariff modifications in its report's Attachment D for additional flexibility to request approval of a revised GAP surcharge outside of its annual GAP review (**Decision Option 13**).

MERC will continue to annually evaluate the adequacy of the budget cap. The Company says that auto-enrolling customers in GAP could result in a waiting list if the annual budget cap or GAP tracker balance is exceeded. MERC says that it will report on customers placed on a waiting list in its annual GAP reports.⁹⁶

MERC is proposing the following auto-enrollment process and subsequent customer communications:

⁹⁴ MERC 2024 GAP Report, March 31, 2025, pp. 26-27.

⁹⁵ MERC 2024 GAP Report, March 31, 2025, p. 28.

⁹⁶ MERC 2024 GAP Report, March 31, 2025, p. 28.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)
- 1) In spring 2026, MERC will prepare and send a one-time mailing to all current LIHEAP customers with the following information:
 - a) Description of GAP
 - b) Explanation of GAP auto-enrollment process
 - c) List of important deadlines for LIHEAP and GAP
 - d) Description of additional resources and where they can be accessed
 - e) Notice that continued GAP enrollment is dependent on LIHEAP participation
 - f) Recommendation that customers seeking to remain on GAP apply to LIHEAP at the earliest possible opportunity
 - g) Notice that additional electric-side affordability programs may be available and advising customers to contact their electric utility to request additional information
 - 2) Prior to June 15, 2026, MERC will use the list of approved LIHEAP customers, along with each customer's household income information, received from the Department, and customer's actual annual gas bills for the prior year to determine the group of customers eligible for GAP.
 - 3) MERC will compute each eligible customer's monthly affordability credit and arrearage forgiveness credit based on household income as provided by the Department and annual consumption data.
 - 4) Once benefit calculations have been made, MERC will send a letter to GAP-eligible customers on or before July 15, 2026 to inform identified customers that they have been automatically enrolled in GAP and the amount of the monthly bill credits they will receive and the monthly payment requirements to remain on GAP. This communication will inform customers of the ability to opt-out of GAP enrollment anytime by contacting MERC. These customer-specific communications will provide detailed information on GAP, including:
 - a) Customer's monthly bill under GAP and the affordability credit they will receive
 - b) Customer's monthly arrearage forgiveness payment and arrearage forgiveness credit (if any)
 - c) Explanation of GAP program terms, including that customers may be removed from the program for missed payments
 - d) Explanation of how any Energy Assistance grant balance on a customer's account will be applied, and how (if at all) that will delay or alter the application of GAP credits
 - e) Explanation that, to remain enrolled in GAP, the customer must apply for and receive LIHEAP by their LIHEAP enrollment anniversary date each year

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)
 - f) Confirmation that the Company will not use customers' income information for any purpose other than to calculate their GAP program credits
 - g) Notification that customers may opt out of GAP by contacting MERC
 - h) Contact details for who the customer may contact to opt out or otherwise unenroll themselves from GAP
- 5) After completing the initial automatic enrollment of all eligible customers who had received LIHEAP as of May 2026, MERC will conduct rolling automatic enrollments throughout the Program year. Customers who receive LIHEAP during the Program year and are eligible for GAP will be automatically enrolled, will receive the same notice described above, and will be subject to the same opt-out provisions. Providing an ongoing automatic enrollment process will help the Company provide assistance to customers who may be in danger of service disconnection.
- 6) Customers will always have the ability to call the Company for manual enrollment in GAP, following the same process as MERC currently uses for customer enrollments.⁹⁷

MERC will continue to conduct annual recertification and identify customers who no longer qualify and reach out these customers 60 days before their recertification date.

MERC notes that it will need to conduct system configuration changes before auto-enrollment begins.

B. Party Comments

1. Department Comments

Continuation of the three percent income affordability credit

To evaluate MERC's proposed continuation, the Department considered two criteria:

1) *Available funds*

The Department agrees with the Company that funds are available. The Department found that MERC's administrative costs have increased but are a small percentage of the \$5.5 million GAP tracker balance. Therefore, the Department finds that funds are available for continuation of the three percent credit (**Decision Option 10**).

2) *Benefit of a more generous credit*

When MERC reduced its affordability credit from six percent to three percent in 2021, the Department expected improvement in program performance. The Department evaluated three program outcomes:

⁹⁷ MERC 2024 GAP Report, March 31, 2025, pp. 28-31.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Table 23: Program Outcomes Before and After the Reduction of the Credit Threshold⁹⁸

Criteria	Under 6% Threshold	Under 3% Threshold	Outcome After Reduction
Percent of household income paid by customer towards gas bill	6%	3%	Positive
Increase customer payments by increasing frequency of payments	29%	37%	Positive
Decreasing or eliminating customer arrears	-26.1%	-22.6%	Negative

Following evaluation of the above criteria in Table 23, the Department recommends continuation of the threshold.

The Department echoes its recommendation for all utilities (**Decision Option 2**):

Annually publish definitions and explanations of methodology for tracker items, all items in the outcome spreadsheet, and all other attachments. The definitions and methodological explanations should be in a separate attachment. Methodological explanation should be sufficient for the Department to recreate all statistics in all attachments. Sufficient explanations may include any necessary equations.⁹⁹

Auto-enrollment proposal

The Department evaluates if the benefits are expected to outweigh the costs.

The Department agrees with MERC that it will have enough funds for one fiscal year. However, the Department finds that if trends continue, MERC may deplete the GAP funds before December 2027. Therefore, the Department supports MERC's proposal in **Decision Option 13** to allow the Company flexibility to propose a surcharge outside of the annual GAP reporting schedule. The Department makes a further recommendation that MERC monitor its monthly GAP spending. If, and when, the program is on track to deplete its tracker balance within six months, the Company must make a filing with the following items:

- 1) Tracker balance, income, and spending monthly for the previous 6 months and projected 6 months in the future;
- 2) An evaluation of possible modifications to avoid closure of the program, including modifying the affordability benefit and arrearage forgiveness benefit amounts for participants, changing the program funding level/surcharge, and other options the Company has considered; and

⁹⁸ DOC comments, May 22, 2025, Table 1, pp. 12-13.

⁹⁹ DOC comments, May 22, 2025, p. 14.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

3) A proposal to avoid the projected negative tracker balance (**Decision Option 15**).¹⁰⁰

The Department writes about potential benefits of auto-enrollment by reviewing Xcel's program. Auto-enrollment allowed Xcel's GAP to enroll an additional 5,368 customers or a 46% increase after the first year. The Department says that behavioral outcomes had mixed results, e.g. past due balance increased, possibly because auto-enrolled customers had higher arrears.

Regarding MERC's auto-enrollment customer communication, the Department says that the Company did not provide additional outreach with community groups and customers, justifying that new programs require communication.¹⁰¹

Finally, the Department says that if auto-enrollment is approved, the Department requests that within 120 days of program implementation, MERC must propose a possible recertification date of between November 1, 2026, and February 1, 2026. If no party objects to the filing within 30 days, it will go into effect (**Decision Option 16**). This will allow for modification of the program if issues arise during early implementation.

2. Joint Commenters Comments

The Citizens Utility Board of Minnesota (CUB), the Legal Services Advocacy Project (LSAP), and the Energy CENTS Coalition (ECC) (referred to as the Joint Commenters) filed joint comments on May 22, 2025.

The Joint Commenters recommend that the Commission accept MERC's continued use of its three percent income threshold for determining affordability credits (**Decision Option 10**) and approve the Company's automatic enrollment proposal (**Decision Option 11**).

Continuation of the three percent income affordability credit

The Joint Commenters say that the three percent income threshold "facilitates greater program participation and materially lowers residential customers' energy burdens."¹⁰² Reducing energy burden is a key goal of affordability programs. It also allows utilities to tailor their programs to households most in need of assistance. Energy burdens are considered high if bills exceed six percent of the annual household income. The three percent threshold as compared to a higher threshold allows more households to enroll in GAP.

Auto-enrollment proposal

The Joint Commenters say that MERC's proposal is well-designed and will streamline access to GAP, which will allow the program to reach customers with the highest energy burden. The Joint Commenters finds that customers should retain the ability to opt-out of GAP. Therefore,

¹⁰⁰ DOC comments, May 22, 2025, p. 18.

¹⁰¹ DOC comments, May 22, 2025, p. 19.

¹⁰² Joint Commenters comments, May 22, 2025, p. 2.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

the Joint Commenters recommend to the Commission that the Company allow customers 30 days after customer notices about how to opt-out are sent before commencing automatic enrollment (**Decision Option 19**). The same process was ordered by the Commission for CenterPoint's auto-enrollment program.¹⁰³

The Joint Commenters support MERC's modified program budget of \$4.5 million (**Decision Option 12**) and the Company's request for increased flexibility around when programmatic adjustments are proposed (**Decision Option 13**). The Joint Commenters recommend MERC monitor monthly spending from and income into its GAP fund (**Decision Option 15**).

Finally, the Joint Commenters find that it would be appropriate to track additional data to better understand which communities and customer groups are served by GAP. Therefore, the Joint Commenters recommend that MERC annually report disaggregated participation and benefit delivery data by geography, income level, and household size to the extent possible (**Decision Option 17**).

3. MERC Reply Comments

GAP opt-out

MERC responds to the Joint Commenters request that the Company inform auto-enrolled customers 30 days ahead of enrollment that they may opt-out of GAP (**Decision Option 19**). MERC says that it proposes to send a letter on or before July 15, 2026 to inform them that they can contact the Company at any time and opt-out of the program. Further, MERC proposed that it would be conducting rolling enrollments throughout the year. These customers will receive the same notice and subject to the same opt-out procedures.

MERC also sets out how its auto-enrollment proposal differs from Xcel and CenterPoint's auto-enrollment programs:

- 1) MERC does not require customers to be placed on a levelized payment plan unlike Xcel and CPE.
- 2) MERC's proposal involves rolling auto-enrollment, which Xcel does not do.

Due to these differences, MERC says that its Program costs will vary from Xcel and CPE.

MERC believes that the number of customers who choose to opt-out will be minimal. Xcel had four customers (0.1% of eligible customers) opt-out of GAP. Therefore, MERC continues to request that its customer notification and opt-out process as laid out in its GAP auto-enrollment process be approved.¹⁰⁴

MERC supports the Department's recommendation that the Company monitor its tracker balance and make a filing if the Program is on track to be depleted within six months (**Decision**

¹⁰³ 23-84 Commission Order, September 7, 2023, Order Point 13, p. 5.

¹⁰⁴ MERC reply comments, June 5, 2025, p. 4.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Option 15). Additionally, MERC does not oppose the Department’s recommendation that the Company have the flexibility to propose a surcharge outside the annual GAP report (**Decision Option 13**).

Finally, MERC addresses the Department’s **Decision Option 16** – that the Company would be required to file sometime between November 1, 2026 and February 1, 2026 a potential auto-enrollment recertification date. The Company does not agree with the recommendation and instead, says that it will report on auto-enrollment during its annual report, which is consistent with Xcel and CPE’s programs. MERC says that any changes to the Company’s GAP auto-enrollment program “will require time, resources, and costs to implement.”¹⁰⁵

Reporting on disaggregated and benefit delivery data

MERC disagrees with the Joint Commenters’ proposal that MERC annually report participation and benefit delivery data by geography, income level, and household size to the extent possible (**Decision Option 17**).

First, MERC does not store customer income data for GAP participants and so would not be able to provide the reporting. Moreover, MERC was ordered to maintain an internal firewall that “limits retrieval to the sole and limited purpose of calculating percentage-of-income payments under the GAP program.”¹⁰⁶

Second, MERC does not collect or maintain information regarding customer household size. Further, MERC would have no reliable source of this information outside of asking customers to volunteer it or requesting additional data from the Department.

Third, reporting delivery data by geography could pose privacy concerns. The only geographic data MERC has available is by zip code. MERC serves a large territory across Minnesota, in which some areas have few customers per zip code.

Therefore, MERC opposes **Decision Option 17**.

Tracker and streamlined report definitions

Next, MERC responds to the Department’s request in **Decision Option 2** – that all utilities publish the definitions and explanation of the methodology in their GAP trackers.

MERC says that the Department’s request is unclear and that it believes its Attachments A and B are already well-defined.¹⁰⁷

¹⁰⁵ MERC reply comments, June 5, 2025, p. 18.

¹⁰⁶ MERC reply comments, June 5, 2025, p. 5. *Emphasis from comments.*

¹⁰⁷ MERC reply comments, June 5, 2025, p. 6.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

4. Department Reply Comments

Five-year historical data

The Department addresses MERC's statement that it will mass enroll eligible customers in GAP in July 2026. MERC notes that LIHEAP applications close at the end of May, so the timing may result in some LIHEAP applications missing the initial auto-enrollment. Therefore, MERC says that it is not necessary to account for monthly changes to its LIHEAP caseload. The Department says it is unclear why late LIHEAP applicants would not be included in customer counts.

Additional outreach

The Department notes that online notices in languages other than English would be helpful for immigrants and other customers for whom English is not their first language in MERC's service territory. The Department also says that MERC could work with local community groups to inform customers about GAP and its auto-enrollment component. The Department recommends that MERC post about auto-enrollment on its social media accounts. Finally, the Department references the report that the Department's EAP Division contracted with Wilder Research to produce. The reports says that "outreach can take place in public housing, community social service agencies, senior centers/apartments or community centers and community events."¹⁰⁸

The Department recommends additional GAP outreach, including making notices available in languages other than English, social media announcements, or advertising (**Decision Option 20**).¹⁰⁹

5. MERC Supplemental Comments

Tracker and streamlined report definitions

At the time of supplemental comments, the Company does not oppose the Department's proposal of MERC filing definitions, methodology, and descriptions in future GAP annual reports (**Decision Option 2**).¹¹⁰

Auto-enrollment customer outreach

MERC responds to the Department's additional outreach recommendation (**Decision Option 20**). MERC says that its website is available in Spanish, has bilingual Care Center Agents and access to the Language Line Service, and is working with the Department and CAP agencies on GAP auto-enrollment. MERC says that it is exploring incorporating social media posts.¹¹¹

¹⁰⁸ DOC reply comments, July 9, 2025, p. 9.

¹⁰⁹ MERC reply comments, June 5, 2025, p. 9.

¹¹⁰ MERC supplemental comments, July 21, 2025, p. 5.

¹¹¹ MERC supplemental comments, July 21, 2025, p. 6.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

C. Staff Analysis

Twelve decision options were proposed in MERC's GAP docket, the majority of which were related to auto-enrollment. Staff lays out the auto-enrollment decision options along with parties' positions below:

Table 24: Auto-enrollment Decision Options in 25-29

Decision Option Number	Decision Option Topic	Support	Neutral	Disagree	Silent on Issue
Auto-enrollment					
11	Require MERC to conduct auto-enrollment starting in summer 2026	MERC, DOC, CUB, LSAP, ECC	-	-	-
12	Approve MERC to increase GAP budget to \$4.5 million and cap	MERC, CUB, LSAP, ECC	-	-	DOC
13	Approve MERC's tariff modification	MERC, DOC, CUB, LSAP, ECC	-	-	-
Reporting					
14	Require MERC to report on preliminary auto-enrollment information on 2026 GAP report in 2027	MERC	-	-	DOC, CUB, LSAP, ECC
15	Require MERC to make a filing if program is on track to deplete its tracker balance	MERC, DOC, CUB, LSAP, ECC	-	-	-
16	Require MERC to propose a new possible recertification date	DOC	-	MERC	CUB, LSAP, ECC
17	Require MERC to annually report disaggregated participation and benefit delivery data	CUB, LSAP, ECC	-	MERC	DOC
18	Require MERC to have conversation with parties about reporting, and report in next GAP report	Staff	-	-	-
Customer Outreach					
19	Require MERC to allow customers 30 days after customer notice are sent to opt-out	CUB, LSAP, ECC	-	MERC	DOC
20	Require MERC to perform additional GAP outreach	DOC	MERC	-	-
21	Require MERC to work with CAO on all customer communications	Staff	-	-	-

Staff supports MERC commencing auto-enrollment of customers in GAP (**Decision Option 11**), an increase to the GAP budget to account for an expected increase to GAP costs due to auto-enrollment (and a corresponding GAP budget cap) (**Decision Option 12**), and tariff modifications to allow for a future revised GAP surcharge outside of annual reporting (**Decision Option 13**). The tracker balance at the end of 2024 was \$5,464,539, which means there is enough space in the budget to implement auto-enrollment. All parties agree to these

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

proposals.

Regarding reporting, all parties, including the Company, are in agreement with the Department's recommendation that the Company should make a filing if the GAP tracker balance is running low (**Decision Option 15**). Staff finds that this is prudent. MERC made an unspecific recommendation that it reports on auto-enrollment (**Decision Option 14**), which Staff finds is not entirely adequate. Two other reporting recommendations were not agreed to by MERC. The first is a request made by the Department to propose a different recertification date (**Decision Option 16**); the second is a request made by the Joint Commenters to annually report disaggregated participation and benefit delivery data by geography, income level, and household size to the extent possible (**Decision Option 17**). The Company especially found issue with the Joint Commenters' recommendation. Therefore, Staff offers **Decision Option 18**, which would require MERC to work with parties to decide upon reporting metrics and timelines that would work for all.

The first customer outreach decision option would require MERC to allow 30 days from notice to opt-out (**Decision Option 19**). MERC argues that Xcel and CPE do not have this requirement and have very few opt-outs anyway. While Staff finds that this may be helpful, in the spirit of keeping all GAP requirements across the utilities similar, the Commission may not wish to approve this request. Second, the Department recommended that MERC should conduct additional outreach to customers about auto-enrollment (**Decision Option 20**). MERC is neutral on the topic, but Staff finds that the recommended outreach ideas are worthwhile for the Company to conduct. Finally, Staff added **Decision Option 21** to ensure that MERC work with CAO on all customer outreach materials. This is a best practice and is consistent with other dockets that involve customer outreach. CAO is able to ensure that all customer communications are clear and written for the intended audience.

VII. Greater Minnesota Gas (24-40)

Utility request

GMG is asking for acceptance of its 2024 annual GAP report (**Decision Option 1e**).

Program participation

20% of GMG's eligible customers that receive LIHEAP benefits also participate in GAP. There were 216 LIHEAP customers during the 2024 heating season, and 44 GAP participants at some point during 2024.¹¹² This was a decrease from the 2023 participation rate of 33%.

Program benefits

GMG's average benefits for 2024 are listed below:

¹¹² GMG 2024 GAP Report, March 31, 2025, p. 3.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

Table 25: GMG's GAP Benefits (2024)¹¹³

Program Benefits	Monthly Benefit	Annual Benefit
Average affordability benefit per participant	\$41.96	\$503.52
Average arrearage forgiveness benefit per participant	\$1.48	\$17.76

Service Disconnections

No LIHEAP-only or GAP participants were disconnected in 2023. Table 26 is a reporting of GMG's disconnections in 2024:

Table 26: GMG's Disconnection Rates (2024)¹¹⁴

Customer Categories	Number of Customers in Category	Number of Disconnections	Percentage of Disconnections
GAP participants	44	0	0%
LIHEAP-only, non-GAP participants	172	0	0%
Non-LIHEAP, non-GAP residential customers	9,925	43	0.4%

Coordination with other low-income assistance and conservation resources

GMG made the following outreach efforts in 2024:

- Performed targeted marketing to at-risk customers
- Placed information about LIHEAP and GAP on its website
- Sent energy assistance awareness letters to targeted customers
- Reached out to customers that are newly-receiving LIHEAP grants
- Included LIHEAP and GAP information on disconnection notices
- Customer service team made individual phone calls to customers facing disconnection
- Reached out to churches and community organizations about energy assistance and GAP¹¹⁵

Tracker balance

GMG did not charge a GAP surcharge in 2024. GMG noted that it has not instituted a tracker for the purpose of comparison and collection of actual program costs. It has not yet requested approval of cost recovery. However, it does keep an unofficial tracker that identifies GAP credits awarded and has started adding all program costs including administrative and regulatory costs. Regarding the future of GMG's GAP tracker, the Company says:

¹¹³ GMG 2024 GAP Report, March 31, 2025, p. 3.

¹¹⁴ GMG 2024 GAP Report, March 31, 2025, pp. 3-4.

¹¹⁵ GMG 2024 GAP Report, March 31, 2025, pp. 2-3.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

GMG anticipates that its formal tracker will be instituted when regulatory approval is received for the addition of a rate-affordability surcharge and that the tracker components will be identified and approved simultaneously therewith.¹¹⁶

Table 27: GMG's GAP Tracker Balance (2024)¹¹⁷

Tracker Balance	2024
GAP tracker balance as of December 31, 2023	\$123,660
Affordability and arrears credits provided	\$18,904
Program collections	\$0
Tracker balance as of December 31, 2024	\$142,564

A. Party Comments

1. Department Comments

The Department concludes that GMG provided all of the required information (**Decision Option 1e**).

The Department addressed GMG's possible cost recovery. GMG's 2024 GAP tracker was at \$142,564 at the end of the year. The Department is "confused as to whether the balance is already paid for from existing accounts, or that the balance indicates essentially an interest free loan."¹¹⁸

The Department believes that it is time for GMG to recover GAP costs, especially since it may be required to begin auto-enrollment. The Department recommends that GMG should propose cost recovery in its 2025 annual report, to be filed in Spring 2026. **Decision Option xx** would require GMG to file a proposal on how it will recover annual costs, produce a fund estimate created for each year of cost recovery, explain how the \$148,000 was paid for, and propose a method and provide how long it takes for recover an unpaid balance.¹¹⁹

B. Staff Analysis

Staff finds that GMG is doing well with its GAP program. Staff is aware that GMG directly and personally reaches out to payment-troubled customers, set them up on payment plans, connects them with energy assistance, and linked them to GAP. Staff appreciates this personalized method of customer contact.

Staff supports **Decision Option 22** for GMG to provide more information on cost recovery in its next GAP report. Like the Department says, as Great Plains may be required to propose GAP auto-enrollment, GMG may be required to do the same in the future. If all LIHEAP participants

¹¹⁶ GMG 2024 GAP Report, March 31, 2025, p. 4.

¹¹⁷ GMG 2024 GAP Report, March 31, 2025, p. 4.

¹¹⁸ Department comments, May 22, 2025, p. 20.

¹¹⁹ Department comments, May 22, 2025, p. 20.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

are enrolled in GAP, it would ostensibly require a budget to fund the program.

Additionally, Staff included **Decision Option 23** which would require GMG to file a 5-year summary spreadsheet with its annual GAP report. This would put GMG's reporting in line with the other gas utilities.

VIII. Insights into Automatic Enrollment

In this section, Staff provides insight into trends, patterns, and observations on auto-enrollment.

A. Xcel Energy Auto-enrollment

Participation and retention

Xcel's participation rates went from 35% in 2022 (prior to auto-enrollment) to 60% in 2023 (during the first six months of auto-enrollment) to 80% in 2024 (after the first full year of auto-enrollment). Xcel has increased GAP participation by 45 percentage points within 1.5 years of beginning auto-enrollment. The number of customers enrolled at some point during the year was steady at approximately 8,500 customers since the beginning of Xcel's GAP in 2016. As of 2023, that number was approximately 13,600 customers and increased again in 2024 to approximately 16,300 customers. That is almost double the number of customers that are receiving GAP benefits since beginning auto-enrollment. This is extremely encouraging to Staff as to the effectiveness of auto-enrollment.

However, the GAP retention rate has gone down from 75% in 2022 to 63% in 2023 and now to 52% in 2024. This is likely due to the auto-enrolled GAP customers not being used to the program and not being able to stay on it year after year. However, these participants will likely become accustomed to keeping current on the arranged payment plan.

Disconnections

Xcel's GAP disconnection rates increased from 2% in 2022 to 1% in 2023 and to 6.9% in 2024. This does not sound like a significant increase (approximately 4.5%), but that is more than 1,000 GAP customers disconnected in 2024. However, disconnection rates after enrollment have decreased. In 2024, disconnection rates before and after enrollment in GAP decreased by 15.4%, going from 15.4% before enrollment and 2.3% after enrollment, which is encouraging.

Arrears

The number of customers in arrears in Xcel's GAP has grown from 15% in 2022 before auto-enrollment to 36% in 2023 after six months of auto-enrollment and 47% in 2024 after one full year of auto-enrollment. This is an increase of the percentage of customers in arrears by 11% between 2023 and 2024. However, historically between 2019 and 2023, arrears have dropped after enrollment. Before enrollment in GAP, 56% of customers were in arrears; after enrollment, 46% in arrears. The arrearage rates for the new cohort of customers decreased by

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

38% in 2024. This is the biggest improvement yet.

B. CenterPoint Energy Auto-enrollment

Participation and retention

CPE's participation rates increased by 15% in 2024. After COVID-19 and prior to auto-enrollment (2022-2024), the number of customers that participated at some point during the year was approximately 7,800. During 2024, the number of customers that participated at some point during the year was approximately 17,600. This is an increase of approximately 9,800 customers, or 56%. Doubling participation in the program is laudable. This is nearly 10,000 customers that are receiving payment benefits from CPE, which allows these households to put their limited funds towards other necessities.

Additionally, the retention rate has increased by 20 percentage points after auto-enrollment. The average retention rate from 2021-2023 is 62%. The retention rate following 2024's auto-enrollment implementation is 84%. This means that customers that have been auto-enrolled are staying on the program. An issue that Xcel has seen is a drop-off of auto-enrolled customers within a few months of enrollment in the program. Even though they did not opt-in to the program, the majority of CPE's auto-enrolled customers are paying the set monthly payment arrangement on time and, therefore, reaping the benefits of GAP.

Disconnections

CPE's GAP 2024 disconnection rates are steady with 2023 (approximately 12%) and not showing improvement. Staff also examined the disconnection rate difference for the 2024 GAP participant cohort. Likewise, disconnection rates before enrollment (7.9%) was double the percentage points as after enrollment (11.7%). Again, this may be because after auto-enrollment, some customers are not making the two consecutive monthly payments. Obviously by being disconnected, the customers are being dropped from the program. Hopefully, as customers become accustomed to GAP auto-enrollment, disconnections will drop.

Arrears

The percentage of 2024 GAP customers in arrears are steady with 2023's rate (36.7%). Likewise, arrearage rates have increased from 10% before GAP enrollment to 35% after GAP participation. As with disconnections, Staff is hopeful that after customers get used to GAP auto-enrollment and more frequently pay its monthly bills on time, arrears will decrease.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

IX. Decision Options

All Utilities

1. Accept the annual 2024 Gas Affordability Program (GAP) reports of the following natural gas utilities: (*Xcel, Great Plains, CPE, MERC, GMG, DOC*)
 - A. Xcel Energy (*Xcel, DOC*)
 - B. Great Plains Natural Gas (*Great Plains, DOC*)
 - C. CenterPoint Energy (*CPE, DOC*)
 - D. Minnesota Energy Resources (*MERC, DOC*)
 - E. Greater Minnesota Gas (*GMG, DOC*)
2. Require all natural gas utilities to annually publish definitions and explanations of methodology for tracker items, all items in the outcome spreadsheet, and all other attachments at the same time as the annual GAP reports. The definitions and methodological explanations shall be in a separate attachment. The methodological explanations must be sufficient to recreate all statistics in all attachments. Sufficient explanations may include any necessary equations. (*DOC, Great Plains*)

Great Plains Natural Gas

3. Require Great Plains Natural Gas to include a proposal for automatic enrollment in its 2025 annual GAP Report, including: (*DOC, Staff if adopted*)
 - A. A monthly tracker that lists expected funds, costs, and balances for the first five-years of auto-enrollment
 - B. Expected monthly spending, number of GAP participants, and percent of participants who leave or are removed from the program each month
 - C. Explanation of the assumptions made in calculating these estimates

[OR]

4. Require Great Plains Natural Gas to include a proposal for automatic enrollment in a compliance filing within six months of the order, including: (*DOC*)
 - A. A monthly tracker that lists expected funds, costs, and balances for the first five years of auto-enrollment

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)
- B. Expected monthly spending, number of GAP participants, and percent of participants who leave or are removed from the program each month
 - C. Explanation of the assumptions made in calculating these estimates

[OR]

5. Delegate authority to the Executive Secretary to schedule a comment period on the Department's recommendation that Great Plains Natural Gas file a proposal for automatic enrollment, after more information is available on federal LIHEAP funding. *(DOC, Staff alternative)*

CenterPoint Energy

6. Require CenterPoint Energy to continue Order Point 14 from the September 7, 2023 order in Docket No. G-008/M-23-84 through the next program year until the effective date of the Commission's Order on GAP reports in 2026. Specifically, CenterPoint Energy must monitor monthly spending from and income to the GAP program. If, and when, the program is on track to deplete its balance within six months, CenterPoint Energy shall make a filing with the Commission that includes, at a minimum:
 - A. Tracker balance, income, and spending on a monthly basis for the previous six months and projected six months in the future
 - B. An evaluation of possible modifications to avoid closure of the program, including modifying the affordability benefit and arrearage forgiveness benefit amounts for participants, changing the program funding level/surcharge, and other options the Company has considered; and
 - C. A proposal to avoid the projected negative tracker balance.
7. Require CenterPoint Energy to allow customers to re-enroll in GAP after being removed due to non-payment if the customer has since made up the missed payments. If two consecutive months of non-payment occurs again, CenterPoint may remove the customers from GAP again. *(Staff interpretation of DOC alternative)*

[OR]

8. Require CenterPoint Energy to allow one to two years of experience with auto-enrollment before considering whether to re-enroll customers removed from GAP because of non-payment. During that time, CenterPoint Energy shall track the percent of customers who do not pay their bill for two consecutive months who have already been removed due to non-payment. CenterPoint Energy shall report in its annual report the 25th, 50th, and 75th percentiles of the number of months before a customer misses two consecutive months of payment. *(DOC alternative)*

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

[OR]

9. Require CenterPoint Energy, in its June 2026 GAP filing, to report on the option of allowing customers to re-enroll in GAP after two months of non-payment leading to removal from the program. *(CPE)*

Minnesota Energy Resources

10. Approve Minnesota Energy Resources' request to continue its three percent income affordability credit. *(MERC, DOC, CUB, LSAP, ECC)*

Auto-enrollment proposal

11. Require Minnesota Energy Resources to conduct GAP automatic enrollment starting in summer 2026. *(MERC, DOC, CUB, LSAP, ECC)*
12. Approve Minnesota Energy Resources' proposal to increase its annual GAP program budget to \$4.5 million. The total GAP costs including start-up costs, affordability, arrearage forgiveness, and administrative costs shall not exceed \$4.5 million per year. *(MERC, CUB, LSAP, ECC)*
13. Approve Minnesota Energy Resources' proposed tariff modifications, as written in the 2024 GAP Report's Attachment D, to request a revised GAP surcharge outside of its annual GAP review. *(MERC, DOC, CUB, LSAP, ECC)*

Reporting

14. Approve Minnesota Energy Resources' proposal to report preliminary results of auto-enrollment in its 2026 GAP report, to be filed on March 31, 2027. *(MERC)*
15. Require Minnesota Energy Resources to make a filing with the following items if, and when, the program is on track to deplete its tracker balance within six months:
 - A. Tracker balance, income, and spending monthly for the previous 6 months and projected 6 months in the future;
 - B. An evaluation of possible modifications to avoid closure of the program, including modifying the affordability benefit and arrearage forgiveness benefit amounts for participants, changing the program funding level/surcharge, and other options the Company has considered; and
 - C. A proposal to avoid the projected negative tracker balance *(MERC, DOC, CUB, LSAP, ECC)*
16. Within 120 days of program implementation, require Minnesota Energy Resources to propose a possible recertification date for its auto-enrollment program of between

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

November 1, 2026, and February 1, 2026. If no party objects to the recertification date within 30 days of the filing, it will go into effect. *(DOC)*

17. Require Minnesota Energy Resources to annually report disaggregated participation and benefit delivery data by geography, income level, and household size to the extent possible. *(CUB, LSAP, ECC)*
18. Require Minnesota Energy Resources to consult with the parties to this docket regarding GAP reporting and to file a summary of the results of the consultation in the 2025 GAP docket, to be filed on March 31, 2026. *(Staff alternative)*

Customer Notices

19. Require Minnesota Energy Resources to wait 30 days after it sends customer notices about how to opt-out before commencing automatic enrollment. *(CUB, LSAP, ECC)*
20. Require Minnesota Energy Resources to perform additional GAP outreach, including making notices available in languages other than English, social media announcements, or advertising. *(DOC)*
21. Require Minnesota Energy Resources to consult with the Commission's Consumer Affairs Office on all written customer communications on website and printed outreach materials prior to customer contact. *(Staff)*

Greater Minnesota Gas

22. Require Greater Minnesota Gas to file with its April 1, 2026 GAP filing a proposal for cost recovery, including the following information: *(DOC)*
 - A. Propose how Greater Minnesota Gas will recover annual costs from its GAP program
 - B. Produce an estimate of funds created from each year of cost recovery
 - C. Explain how the \$148,000 was paid for, including a detailed tracker of the different charged accounts
 - D. Propose a method and explain how long it will take to recover the unpaid balance, if ever
23. Require Greater Minnesota Gas to file a 5-year summary .xlsx file with all future annual GAP reports. *(Staff recommendation)*

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

X. Appendix A: Overview of Gas Affordability Programs (GAP)

Background

GAP is available to residential customers that have qualified for and currently receive energy assistance from the Low-Income Home Energy Assistance Program (LIHEAP or EAP). LIHEAP is administered by the Minnesota Department of Commerce (Department). The Department partners with local Service Providers (commonly referred to as CAP agencies) throughout the state that process LIHEAP applications. The LIHEAP season runs from October 1 to September 30 annually. In the 2024-2025 heating season, 125,661 households in Minnesota received \$98,487,382 in LIHEAP benefits. The average benefit per household was \$784 per year based on income and energy usage.¹²⁰

Low-income Affordability Statute Requirements

Low-income affordability programs are directed by Minn. Stat. § 216B.16, subd. 15.¹²¹ The Commission is required to consider the customer's ability to pay when setting rates and may establish affordability programs that ensure affordable, reliable, and continuous service to low-income residential ratepayers.¹²²

Minn. Stat. § 216B.16, subd. 15 directs natural gas utilities to implement the following for Commission-approved GAP programs:¹²³

- 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.

How Does GAP Help Customers?

By participating in GAP, a low-income customer both lowers their monthly bill and reduces or eliminates any arrears on their account through a matching credit from the utility.¹²⁴ Customers must agree to be placed on a payment agreement and not default on it. If a

¹²⁰ [Minnesota Energy Assistance Program Dashboard](#), accessed on September 2, 2025.

¹²¹ [Minn. Stat. § 216B.16 Subd. 15 Low-income affordability programs.](#)

¹²² The statute defines "low-income residential ratepayers" as households that receive assistance from LIHEAP.

¹²³ [Minn. Stat. § 216B.16, subd. 15 Low income affordability programs.](#)

¹²⁴ Utilities are not required to completely eliminate arrears. The statute requires utilities to "decrease or eliminate participating customer arrears."

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

customer misses two consecutive monthly payments, they will be removed from the program.

Technically, GAP is a Percentage of Income Payment Plan (or PIPP). GAP offers two components (or benefits) for participants:

- 1) *Affordability component – A bill credit that limits the amount a customer pays each month to a set percentage of the customer’s household income.*

The affordability component is a bill credit determined as one-twelfth (or divided equally over each month) of the difference between the utility's estimate of the qualified customer’s annual natural gas bill and a set percentage of the qualified customer’s annual household income as provided to LIHEAP (approximately 3-4%). Below are the income thresholds for each utility:

GAP Income Thresholds	
Utility	Income Thresholds
Xcel Energy	3%
Great Plains Natural Gas	4%
CenterPoint Energy	3%
Minnesota Energy Resources	3%
Greater Minnesota Gas	4%

The affordability component was designed to meet the statutory requirement to lower the percentage a low-income household devotes to their natural gas bill and to increase customers’ frequency of payments over time.

Utilities have access to LIHEAP information for the purposes of providing GAP. When considering income, utilities do not consider energy assistance as part of household income. Per LIHEAP guidelines, energy assistance not applied to past due bills is applied to the customer’s current bills, and any remaining balance is applied to future bills.

- 2) *Arrearage forgiveness component – A matching credit from the utility that is applied to a customer’s account each month after receipt of the customer’s scheduled arrears payment.*

The matching provision provides an incentive for customers to make regular monthly bill payments for the term of the payment plan while paying down past due gas bills. Arrears are paid back over a designated repayment period (usually 12 to 24 months).

GAP Arrears Paydown Periods¹²⁵	
Utility	Arrears Paydown Period
Xcel Energy	24 months
Great Plains Natural Gas	24 months
CenterPoint Energy	12 months
Minnesota Energy Resources	24 months
Greater Minnesota Gas	24 months

¹²⁵ Department comments, May 22, 2025, p. 6.

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

The arrearage forgiveness component was designed to meet the statutory requirement to decrease or eliminate participating customer arrears.

GAP Administration

The utilities can work with a third-party organization to administer the program. Typically, this involves the organization receiving and processing GAP applications, marketing the program, and working with customers and other organizations on GAP education and promotion of the program. Utilities also may administer GAP in-house. Below is a list of the utilities' GAP administrators:

GAP Administrators¹²⁶	
Utility	GAP Administrators
Xcel Energy	Energy CENTS Coalition (ECC)
Great Plains Natural Gas	The Salvation Army
CenterPoint Energy	In-house
Minnesota Energy Resources	In-house
Greater Minnesota Gas	ECC

Additionally, Minn. Stat. § 216B.16, subd. 15(d) lays out restrictions on the recovery of administrative costs and the allowance of program cost recovery:

... The commission may not allow a utility to recover administrative costs, excluding start-up costs, in excess of five percent of total program costs, or program evaluation costs in excess of two percent of total program costs. The commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases.

GAP Reporting

Per Minn. Stat. § 216B.16, subd. 15, when the Commission Orders a utility to offer an affordability program, it may require the utility to file program evaluations on the following matters:

- 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.

The natural gas utilities are required to file an annual report that incorporates data from the previous five years.¹²⁷ The Commission's role in reviewing these programs is set forth in Minn. Stat. § 216B.16, subd. 15(d):

(d) The commission must issue orders necessary to implement, administer, and

¹²⁶ Department comments, May 22, 2025, p. 7.

¹²⁷ [Docket Nos. 22-256, 22-257, 22-248, 22-255, and 22-259 January 18, 2023 Order.](#)

- Staff Briefing Papers for Docket No. 25-36 (Xcel), 25-37 (GPNG), 25-38 (CPE), 25-39 (MERC), and 25-40 (GMG) (**4 on September 18, 2025)

evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis.

On March 25, 2020, the Commission and the Department of Commerce sent a joint letter to all utilities requesting a halt to all service disconnections as a response to the COVID-19 outbreak while the Governor Walz-issued peacetime Emergency Order 20-01 was in place.¹²⁸ In its May 26, 2021 Order in Docket No. 20-375, the Commission allowed a resumption of disconnections on August 2, 2021.¹²⁹ As a result, for 17 months, utilities were under a disconnection moratorium. 2022 was the first full year when disconnection processes returned to normal. The disconnection moratorium and its effects on GAP enrollment and effectiveness was discussed by multiple utilities in the 2024 GAP reports.

¹²⁸ [March 25, 2020 Commission and Department joint letter Re: Responsive Measures to the Outbreak of COVID-19.](#)

¹²⁹ [Docket No. 20-375 May 26, 2021 Order Adopting Broad Transition Plan Proposal, Suspending Negative Reporting, and Establishing Note and Communication Requirements.](#)