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March 30, 2017

VIA ELECTRONIC FILING

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

RE: Gas Affordability Program Annual Report for 2016
Docket No. _____

Dear Mr. Wolf:

Attached hereto, please find Greater Minnesota Gas, Inc.'s Gas Affordability Program Annual Report for 2016, along with the requisite Summary of Filing, for filing in a new docket.

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

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

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/

Kristine A. Anderson
Corporate Attorney

Enclosure

cc: Service List

CERTIFICATE OF SERVICE

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

**Greater Minnesota Gas, Inc.'s Gas Affordability Program
Annual Report for 2016 and Summary of Filing
Docket No. _____**

filed this 30th day of March, 2017.

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

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
John	Lindell	john.lindell@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstein	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._GAP Service List

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Nancy Lange
Dan Lipschultz
Matt Schuenger
Katie Sieben
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Docket No. _____

Greater Minnesota Gas, Inc.'s
Gas Affordability Program
Annual Report for 2016

SUMMARY OF FILING

Please take notice that on March 30, 2017, Greater Minnesota Gas, Inc. (“GMG”) filed the annual report for its gas affordability program with the Minnesota Public Utilities Commission. The filing does not contain any proposed rate impact.

Dated: March 30, 2017

/s/ Kristine A. Anderson
Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
202 S. Main Street
Le Sueur, MN 56068
Phone: 888-931-3411

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange
Dan Lipschultz
Matt Schuerger
Katie Sieben
John Tuma

Chair
Commissioner
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Commissioner

MPUC Docket No. _____

**Greater Minnesota Gas, Inc.’s
Gas Affordability Program
Annual Report for 2016**

**ANNUAL GAS
AFFORDABILITY PROGRAM
REPORT FOR 2016**

Greater Minnesota Gas, Inc. (“GMG”) hereby submits its Annual Gas Affordability Program (“GAP”) Report for the period ending December 31, 2016. GMG previously provided its annual GAP reports subject to modified reporting requirements which applied through the Annual Report for 2015. During 2015, the Minnesota Public Utilities Commission (“Commission”) approved a change to GMG’s GAP and its reporting requirements. This marks GMG’s first annual report incorporating the revised reporting requirements. GMG has partnered with the Energy Cents Coalition (“ECC”) as a third-party administrator to assist with its revised GAP; and, as a result GMG’s currently operating GAP and subsequent reporting requirements are more closely aligned with the programs of other natural gas providers. Pursuant to the Commission’s November 26, 2014 Order, GMG submits its Annual Report as a miscellaneous tariff filing under a new docket.

SUMMARY OF FILING

Pursuant to Minnesota Rule Part 7829.1300, Subpart 1, a one-paragraph summary of this filing, sufficient to apprise potentially interested parties of its nature and general content, accompanies this filing.

SERVICE ON REQUIRED AND INTERESTED PARTIES

Pursuant to Minnesota Rule Part 7829.1300, Subpart 2, GMG served a copy of this Report on the Residential Utilities Division of the Office of the Attorney General. Pursuant to Minnesota Rule Part 7825.2840, GMG served the Summary of Filing on all parties reflected on the accompanying Certificate of Service and Service List.

GENERAL FILING INFORMATION

Pursuant to Minnesota Rule Part 7829.1300, the following specific content is provided:

A. Name, Address and Telephone Number of the Utility

Greater Minnesota Gas, Inc.
202 South Main Street
P.O. Box 68
Le Sueur, Minnesota 56058
Telephone: (888) 931-3411

B. Name, Address and Telephone Number of the Attorney for Utility

Outside Counsel: Eric F. Swanson
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 350
Minneapolis, Minnesota 55402-4629
Telephone: (612) 604-6400

In-House Counsel: Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
202 S. Main Street
Le Sueur, MN 56068
Phone: 888-931-3411

C. Date of Filing and Proposed Effective Date of Rate Change

Date Filed: March 30, 2016
Proposed Effective Date: N/A; filing does not include a rate change

D. Statute Controlling Time Frame for Processing Filing

Greater Minnesota Gas, Inc. is unaware of any statute that controls the time frame for processing this filing by the Commission.

E. Utility Employee Responsible for this Filing (and Signature):

/s/ Kristine A. Anderson
Kristine A. Anderson, Esq.
Corporate Attorney

PROGRAM BACKGROUND

GMG's current Gas Affordability Program ("GAP") is available to its residential customers who qualify for the Low Income Home Energy Assistance Program ("LIHEAP"), stipulate to a defined monthly payment plan, and make timely payments pursuant to the schedule¹. GMG's GAP was developed to serve qualified low-income residential natural gas customers by implementing an affordability-based bill credit and an arrearage forgiveness credit for those participants that successfully complete the program.

GMG's GAP participants were eligible for an affordability bill credit which was determined as one-twelfth of the difference between the estimate of the participant's annual gas bill and 4% of the participant's household income, calculated pursuant to GMG's tariff provisions. GMG's GAP participants who had an arrearage balance were also eligible for an arrearage forgiveness credit that was determined as an amount that would retire the customer's pre-program arrears over a period of up to 24 months, calculated pursuant to GMG's tariff provisions. Credit calculations were performed by ECC.

As part of GMG's commitment to improve its GAP and its effort to increase GAP participation, GMG engaged in substantial new additions to its GAP marketing. GMG added a new component to its website touting LIHEAP and GAP. The page provides information about both programs along with links to additional program information and application materials. GMG sent energy assistance awareness letters to over 900 targeted customers, including each customer that was currently receiving LIHEAP, those customers that previously received LIHEAP, those customers with past-due balances, customers with chronic late-payment issues, customers in multi-family and other rental properties, and others. GMG subsequently sent a separate GAP mailer to the same group of customers. When any GMG residential customer receives written notice regarding possible disconnection, LIHEAP and GAP information is included. Moreover, GMG's customer service team makes phone calls to customers facing disconnection and discusses LIHEAP and GAP during those calls. Additionally, GMG reached out to churches and community organizations throughout its service territory with a request that they also make their members and local residents aware of energy assistance and GAP programs by sharing information in their bulletins and through other means.

Administratively, ECC is responsible for receiving applications from potential GAP participants, determining eligibility, calculating GAP payment and credit amounts, sending out notification letters, and provision of some of the statistics required for regulatory purposes. GMG's personnel handles all billing and related processing; making calls to GAP participants who are approved for the program, who miss a monthly payment, who are in jeopardy of removal from the program for non-compliance, and to answer any GAP questions; and regulatory reporting.

¹ . GMG's GAP was revised and a new program was instituted beginning in 2016; however, the general principals of the program remain consistent with the former program and the statutory requirements.

ANNUAL REPORTING INFORMATION

The requisite statistical information regarding GMG's GAP for 2016 is found below:

- *Average annual affordability benefit received per GAP customer:* \$250.44 (\$20.87 per month)
- *Average annual arrearage forgiveness benefit received per GAP customer:* \$23.28 (\$1.94 per month). If the calculation is limited to only those GAP participants that has a past due balance, the average annual arrearage forgiveness benefit was \$111.96 (\$9.33 per month).
- *Percentage of LIHEAP customers that participated in GAP:* GMG had 77 customers that received LIHEAP for 2015-2016 heating season, of which 18 participated in GAP at some point throughout the year. Therefore, approximately 23.4% of GMG's customers that received LIHEAP funds participated in GAP during 2016.
- *Disconnection rates for GAP participants, non-GAP LIHEAP customers, and non-LIHEAP customers (all firm customers including commercial and industrial):*
 - Total number of firm customers that were disconnected: GMG disconnected 67 customers during 2016, which represents approximately 0.9% of its 7,387 firm customers as of December, 2016.
 - Total number of GAP participants that were disconnected: GMG did not disconnect any GAP participants in 2016; therefore, GAP participant disconnections represented 0% of GMG's firm customers as of December, 2016.
 - Total number of non-GAP LIHEAP customers that were disconnected: 5 customers who received LIHEAP but who did not participate in GAP were disconnected, representing approximately 0.06% of GMG's firm customers as of December, 2016.
 - Total number of non-LIHEAP firm customers that were disconnected: GMG disconnected 62 customers who did not receive LIHEAP during 2016, which represents approximately 0.8% of its firm customers as of December, 2016.
- *Number of GAP participants enrolled as of year-end:* 15
- *Number of GAP participants enrolled and receiving benefits at some time during the year:* 18
- *Annual program budget:* GMG's annual GAP budget is capped at \$20,000 for all estimated program costs.
- *Actual program revenue:* GMG did not have any GAP revenue for 2016, as it did not collect a rate-affordability surcharge during the year.

- *Actual program cost:* GMG's actual program cost for 2016 was approximately \$12,284. The actual cost includes a combination of GAP credits, outsourcing costs, GMG's internal administration costs, and regulatory charges including those related to regulatory review and approval of the new GAP.
- *GAP tracker balance as of year-end:* GMG has not instituted a tracker for the purpose of comparison and collection of actual program costs. Pursuant to GMG's tariff provisions, recovery of program costs will not begin until after the 2017 program year or at such time thereafter as regulatory approval is received. Nonetheless, GMG has historically kept an unofficial tracker that identified the GAP credits given since the inception of the GAP program. Consistent with its new GAP requirements and plan, GMG included the GAP credits given but also began adding all program costs including administrative and regulatory costs in its unofficial tracker. As of December 31, 2016, the tracker balance was \$25,406.20 with the inclusion of GAP regulatory costs invoiced in 2016. 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.
- *GAP rate-affordability surcharge (\$/therm) (after implementation):* \$0.00. GMG has not instituted a GAP rate-affordability surcharge at this time; and, pursuant to its tariff provisions, it will not be proposing a surcharge until after the 2017 program year.

The substantial changes in the marketing, content, and administration of GMG's GAP embody the commitment it made to improve and reshape its GAP. Although there has been little improvement in the actual number of GAP participants, GMG remains hopeful that its continued efforts will result in increased awareness and use of its GAP by qualifying customers.

CONCLUSION

GMG respectfully submits this Annual Report summarizing its GAP for the year ending December 31, 2016 in accordance with the requirements of its program and the Commission.

Dated: March 30, 2017

Respectfully submitted,

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