



414 Nicollet Mall
Minneapolis, Minnesota 55401

March 30, 2018

—Via Electronic Filing—

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

RE: ANNUAL REPORT
GAS AFFORDABILITY PROGRAM
DOCKET NO. G002/M-18-_____

Dear Mr. Wolf:

Enclosed for filing is our Gas Affordability Program Annual Report for 2017. We submit this Report pursuant to our Natural Gas Low Income Energy Discount Rider Tariff and various Commission Orders in Docket Nos. G002/GR-06-1429 and G002/M-16-493. We are submitting this report as a new miscellaneous tariff filing as requested by the Commission's November 26, 2014 Order in Docket No. G002/GR-06-1429.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list.

Please contact Rebecca Eilers at rebecca.d.eilers@xcelenergy.com / 612-330-5570 or me at lisa.r.peterson@xcelenergy.com / 612-330-7681 if you have any questions regarding this filing.

SINCERELY,

/s/

LISA R. PETERSON
MANAGER, REGULATORY ANALYSIS

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuenger	Commissioner
Katie J. Sieben	Commissioner
John Tuma	Commissioner

IN THE MATTER OF THE APPLICATION OF
NORTHERN STATES POWER COMPANY, A
MINNESOTA CORPORATION, 2017 ANNUAL
GAS AFFORDABILITY PROGRAM REPORT

DOCKET NO. G002/M-18-_____

GAP ANNUAL REPORT

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Annual Report regarding our Gas Affordability Program (GAP) for 2017. We submit this Report pursuant to our Natural Gas Low Income Energy Discount Rider Tariff and the Commission's various Orders in Docket No. G002/GR-06-1429. We respectfully request the Commission accept our 2017 Annual Report.

ANNUAL REPORT

Our Annual Report is structured as follows:

- I. Program Description
- II. Program Funding and Administration Costs
- III. Customer Payments, Disconnections, & Arrears
- IV. Retention, Satisfaction, and Collection Activity

We provide the 2017 GAP Tracker as Attachment A to this Report.

I. PROGRAM DESCRIPTION

The Program is designed to lower the percentage of income that low income households must devote to meet current energy bills and to increase the number of customer payments while also providing a mechanism for assisting customers in paying

off arrearage balances. In this effort, the Company partners with Energy Cents Coalition (ECC) on both outreach and administration of the Program.

We proposed our Program in November 2006 in our natural gas general rate case in compliance with Minn. Stat. § 216B.16, subd. 15. The Program was approved by the Commission in the September 10, 2007 Order in Docket No. G002/GR-06-1429. We implemented the Program on February 1, 2008 in conjunction with final rates.

Effective December 26, 2009, we reduced the household income threshold devoted to utility costs of our Program from six to four percent, in accordance with the Commission's November 18, 2009 Order.

The Commission's January 20, 2012 Order approved use of excess Tracker funds to supplement benefits in that year unless otherwise ordered by the Commission, and we updated our GAP tariff to specifically allow for use of excess Tracker funds in future Program years.

On June 1, 2012, we submitted our Evaluation Report of the first four years of the pilot Program. In its October 26, 2012 Order, the Commission accepted our evaluation and extended the pilot Program for four years (until December 31, 2016) with some Program changes and additional reporting requirements.

We submitted our next four-year Evaluation Report on May 31, 2016 in Docket No. G002/M-16-493. The Commission's July 27, 2016 Order in that docket extended the Program through June 30, 2017 to allow additional time for review. The Commission's May 22, 2017 Order in that docket accepted our evaluation, removed the expiration date from the program, and approved our request to return the monthly GAP surcharge to its former level of \$0.00445 per therm. In compliance with the Order, this report reflects both the non-GAP LIHEAP and pre-program baseline methodologies for measuring the Program's disconnections, payment frequency, and arrears.

A. Program Eligibility

The GAP is available to any Minnesota Xcel Energy residential natural gas customer who is certified and receiving assistance from the Low Income Home Energy Assistance Program (LIHEAP) during the Program year.

Qualified customers must agree to be placed on a levelized payment plan and schedule. Participants are automatically removed from the Program after a non-payment period of 60 days. In an effort to prevent this scenario, we proactively call participants after 30

days of non-payment to remind them that they will be removed from the Program if they exceed 60 days in arrears. If participants are removed from the Program for non-payment, they are not eligible for re-enrollment until the next Program year.

B. Discount Structure

The Program includes an *Affordability* component that limits enrolled customers' payments to four percent of their household income. The Program also has an *Arrearage Forgiveness* component that applies a monthly matching credit to the customer's balance after payment is received.

1. Affordability

The Affordability component consists of bill credits that are determined by calculating the difference between the Company's estimate of the customer's annual natural gas bill, and four percent of the customer's household income. We apply one twelfth of this amount to the customer's account each month of the Program year.

2. Arrearage Forgiveness

The Arrearage Forgiveness component is a matching credit that we apply to the customer's account each month after receiving the customer's payment. We calculate the arrearage forgiveness credit by dividing the total arrears by up to 24 months, with a goal of retiring pre-program arrears over the period.

The Affordability and Arrearage Forgiveness credits are both Program costs that are included in the GAP Tracker (see Attachment A for details).

C. Customer Payments

To determine the levelized Program payment amount for participants, ECC uses current billing amounts and consumption, approved LIHEAP benefits, and household income information. The determined levelized payment amount includes the participant's current month's bill (one-twelfth of the levelized payment plan) and a portion of the participant's pre-Program arrears.

As discussed in Section III below, Program participants paid a total of \$6,788,379 toward their energy costs during the 2017 Program year.¹ The average per participant payment amount was \$56 per month. We calculated this number by dividing total

¹ This number reflects participant payments only and does not include any additional payments received by the Company from LIHEAP on behalf of the participant.

participant payments of \$6,788,379 (which includes partial payments of \$1,964,745 and full payments of \$4,823,634) by the overall participation count of 10,114. This equals \$671 annually per participant, which divided by 12 months, equals an average of \$56 per GAP participant per month. The average monthly GAP participant payment amount remained steady compared to 2016, when the average monthly GAP participant payment amount was also \$56.

D. Program Year Enrollment

In 2017, we managed participation in the Program based on the tracker balance available, and continued outreach in an effort to increase spending, which resulted in maintaining participation numbers similar to 2016. A total of 10,114 Xcel Energy customers participated in GAP at some point during the 2017 Program year, compared to 10,116 in 2016. Our 2017 enrollment as of December 31, 2017 included 66 more households than December 31, 2016, with 6,481 participants enrolled in the Program compared to 6,415 in 2016. The participation is directly related to managing the levels we had in the previous year and continuing outreach throughout 2017.

II. PROGRAM FUNDING AND ADMINISTRATION COSTS

We provide as Attachment A to this filing our GAP Tracker, which we also summarize in Table 1 below:

Table 1: GAP Tracker Summary	
Item	Amount
Tracker Balance as of December 31, 2016	\$64,711
Affordability & Arrearage Forgiveness Credits	(\$1,624,854)
Administrative Program Costs	(\$146,851)
Program Collections (per therm charge)	\$2,365,476
Tracker Balance as of December 31, 2017	\$658,482

A. Program Funding

The Program is funded by a per therm charge collected from all residential and most business customers. From January through May 2017, the per therm charge was set at \$0.00400 as we worked to reduce our tracker surplus. The rate increased to \$0.00445 per therm on June 1, 2017 in accordance with the Commission’s May 21, 2017 Order in the GAP Program Evaluation docket. In 2017, the average residential customer cost was approximately \$3.84, or \$0.32 per month based on an annual usage of 900 therms of natural gas.

B. Program Administration Costs

As shown in Table 1, our total Program costs for 2017 were \$1,771,705 (the Affordability and Arrearage Forgiveness Credits plus the Administrative Program Costs). Our total Program Administration costs for the 2017 Program year were \$146,851. Though the overall administration costs in 2017 were lower compared to 2016, our overall program to-date administration cost percentage is slightly above the 5 percent cap because we experienced lower collection amounts and lower disbursement amounts in 2017.

We note that in July 2017 there was an accounting error that coded the electric PowerOn portion of the Energy Cents Coalition payment (\$75,525) to the natural gas GAP program and charged the GAP program portion (\$34,875) to the PowerOn program. The amounts were reversed in August 2017 and so the GAP tracker balance at the end of the year is correct. Attachment A, line “C Admin Program costs” for the months of July and August reflect this accounting error and correction.

C. Tracker Account

The Commission’s October 26, 2012 Order in Docket No. G002/GR-06-1429 required us to provide tracker account information to help parties assess the impact of lowering the affordability program surcharge with the goal of reducing the tracker balance by \$1 million over 4 years. To help achieve this goal, on January 1, 2013 we lowered the GAP surcharge rate from \$0.00445 per therm to \$0.00400 per therm. We returned the rate to \$0.00445 on June 1, 2017, as approved by the Commission.

The Tracker balance was reduced by \$1,207,190 due to the lower GAP surcharge effective January 1, 2013 through May 31, 2017. Table 2 summarizes the final results of the reduction in GAP funding due to the rate reduction. Attachment B provides the monthly breakdown of the results.

Table 2: GAP Surcharge Revenue 4 Year Impact of Lowering Surcharge Rate						
	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017 (5 mos.)	4 Year Total 2013-2017
Revenue with Reduced Rate (\$0.00400/thm)	\$2,487,617	\$2,711,471	\$2,223,702	\$2,084,441	\$1,488,520	\$10,995,751
Revenue with Original Rate \$0.00445/thm	\$2,736,712	\$3,016,735	\$2,474,173	\$2,319,289	\$1,656,032	\$12,202,941
Reduction in Surcharge Revenues	\$249,095	\$305,264	\$250,471	\$234,848	\$167,512	\$1,207,190

We will continue to manage the program to the budget with the goal of keeping the tracker in balance.

III. PAYMENT FREQUENCY, DISCONNECTIONS & ARREARS

Below we provide the information required by Order Point No. 4 of the Commission’s November 18, 2009 Order in Docket No. G002/GR-06-1429. Per Order Point No. 2 of the Commission’s May 22, 2017 Order in Docket No. G002/M-16-493, we present the required information relating to customer payments, arrears and disconnection rates using both the non-GAP LIHEAP baseline approach and the pre-Program baseline approach. We summarize the 2017 results in Attachment C.

This year’s report includes a new Attachment D for assisting in the review of GAP program data. This new attachment format is being discussed with the Department and other utilities as part of the stakeholder review process that resulted from the 2016 evaluation proceeding. If the new attachment format is adopted by the Commission, we will work to update the narrative reporting format to better align with the data presentation in Attachment D. At this time, the report narrative provides results comparable to past years’ reports.

A. Participant Payment Frequency and History

Table 3 below shows a comparison of the payment frequency for our 2017 GAP participants to their payment frequency before they were enrolled in the Program. We note that because we have combination electric and natural gas customers in our

Program, our 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.

Our reported amounts include any participant partial- or late-payments received up to 60 days from their due dates:

Table 3: 2017 Payment Frequency Comparison Pre- and Post-GAP Enrollment				
	Prior to 2017 GAP Participation		After 2017 GAP Enrollment	
	Amount	Count	Amount	Count
Total Payment Requested	\$2,816,371	2,583	\$12,938,078	10,114
Full Payment Made	\$1,355,592 (48%)	306	\$4,823,634 (37%)	2,021
Partial Payment Made	\$363,931 (13%)	90	\$1,964,745 (15%)	894
No Payment Made	\$141,243 (5%)	873	\$714,854 (6%)	864

For the 2017 Program year, participant payment statistics decreased in the full payment and increased in the partial payment categories and the Non-Payment category compared to after GAP enrollment in 2017. Table 4 shows the comparable 2016 data for reference.

Table 4: 2016 Payment Frequency Comparison Pre- and Post-GAP Enrollment				
	Prior to 2016 GAP Participation		After 2016 GAP Enrollment	
	Amount	Count	Amount	Count
Total Payment Requested	\$3,576,601	2,484	\$12,001,339	10,116
Full Payment Made	\$1,828,761 (51%)	322	\$4,947,248 (41%)	2,502
Partial Payment Made	\$483,331 (14%)	683	\$1,800,897 (15%)	2,073
No Payment Made	189,449 (5%)	189	\$794,823 (6%)	1,315

Table 5 below is a comparison of the payment frequency for 2017 GAP participants to the payment frequency for 2017 LIHEAP recipients who did not participate in GAP. This table uses the non-GAP LIHEAP baseline approach.

Table 5: 2017 Payment Frequency Comparison GAP Participants to Overall LIHEAP Recipients				
	2017 GAP Participants		2017 Non-GAP LIHEAP Recipients	
	Amount	Count	Amount	Count
Total Payment Requested	\$12,938,078	10,114	\$16,441,163	13,013
Full Payment Made	\$4,823,634 (37%)	2,021	\$8,032,293 (49%)	2,326
Partial Payment Made	\$1,964,745 (15%)	894	\$1,786,457 (11%)	136
No Payment Made	\$714,854 (6%)	864	\$872,409 (5%)	2,892

Non-GAP LIHEAP and GAP participants decreased in the full payment category compared to 2016. We provide the 2016 numbers below for reference.

Table 6: 2016 Payment Frequency Comparison GAP Participants to Overall LIHEAP Recipients				
	2016 GAP Participants		2016 Non-GAP LIHEAP Recipients	
	Amount	Count	Amount	Count
Total Payment Requested	\$12,001,339	10,116	\$19,058,815	14,688
Full Payment Made	\$4,947,248 (41%)	2,502	\$8,612,344 (45%)	3,746
Partial Payment Made	\$1,800,897 (15%)	2,073	\$2,314,338 (12%)	5,554
No Payment Made	\$794,823 (6%)	1,315	\$1,283,912 (7%)	904

Table 7 shows the payment frequency using the pre-Program baseline approach. We provide both the 2017 and 2016 data for comparison. For each year, we identified all customers who entered the GAP program during the year. For 2017, we looked at active participation, meaning the households were active for 12 months after entering

the program.² The total number of households that met this criterion in 2017 was 8,857. Table 7 compares the percentage of bill payment requests for which we received partial or full payment in the 12 months before they entered the GAP program and 12 months after they started receiving GAP. In 2017, the bill payment frequency increased after the customer started receiving GAP payments.

Table 7: GAP Payment Frequency (Pre-Program Baseline Approach)		
	2017 (12 months)	2016 (6 months)
Prior to GAP Enrollment	53%	54%
Post-GAP Enrollment	55%	73%

B. Disconnections

Table 8 shows the credit-related disconnection percentages for the required customer categories using the non-GAP LIHEAP baseline approach:

Table 8: Percentage Disconnected (Non-GAP LIHEAP Baseline Approach)		
Customer Category	2017	2016
GAP participants	3%	4%
LIHEAP recipients that do not participate in GAP	7%	7%
All Residential Natural Gas Customers (non-GAP, non-LIHEAP)	1%	1%

When comparing 2017 to 2016, we see a 1 percent decrease in disconnections for GAP customers and no change in disconnections for LIHEAP customers or residential customers.

Using the pre-Program baseline approach, we also see a decrease in disconnections. The percentage of customers disconnected pre-GAP were 7 percent and post-GAP was 3 percent.

² In 2016, we looked at households that were active for 6 months after entering the program. A total of 6,460 households met this criterion in 2016. We have used 12 months for 2017 to be consistent with other utilities' reporting.

C. Program Credits/Benefits

In this Section, we provide a summary of Program payments to participants.

Table 9: GAP Participants Bills and Credits		
	2017	2016
Average GAP participant annual bill	\$1,251	\$1,147
Average GAP participant monthly bill	\$104	\$96
Average Annual Affordability benefit	\$205	\$208
Average Annual Arrearage Forgiveness benefit	\$32	\$24
Average Monthly Bill Credit per participant	\$20	\$19

The average annual Affordability and Arrearage Forgiveness Program credits are calculations of the total annual credits of each component. For the Affordability component, it is \$1,465,362 divided by 10,114 participants. For the Arrearage Forgiveness component, it is \$159,492 divided by 10,114 participants. It is worth noting that not all participants receive a credit each month due to various scenarios – for example, moving, closed account or nonpayment.

D. Arrearage Level

Table 10 shows the average arrearage levels for the identified customer categories using the non-GAP LIHEAP baseline approach:

Table 10: Average Arrearage Levels (Non-GAP LIHEAP Baseline Approach)		
Customer Category	2017 (As of September 30, 2017)	2016 (As of September 30, 2016)
GAP Participants	\$459	\$449
Natural Gas LIHEAP recipients not enrolled in GAP	\$267	\$284
All Natural Gas Residential Customers (non- GAP, non-LIHEAP)	\$279	\$292

The arrearage levels are based on a snapshot of distinct customer categories at a point in time based on if they were active from October 1, 2016 through September 30, 2017. The arrearage levels for GAP customers increased by an average of \$10; the arrearage levels for LIHEAP recipients and all natural gas residential decreased

compared to 2016. The increase for GAP participants can be attributed to the targeted outreach for the high consumption households with the lowest incomes. The other categories could depend on timing of bill cycles, weather, and change in usage patterns.

Using the pre-Program baseline approach on the customer group who entered the GAP program during the 2017 year, we see an increase to GAP participants' arrears levels compared to 2016, as shown in Table 11. However, there was a reduction in the percentage of customers in arrears in 2017 compared to the same cohort prior to program enrollment, from 58% (2016) to 38% (2017).

Average Arrears for GAP Participants with active Participation	2017	2016
Average Arrears 6 Months Prior to GAP Enrollment	\$360.56	\$246.45
Average Arrears 6 Months Post GAP Enrollment	\$410.50	\$165.53

Table 12 below shows the change between the total number of customers in arrears at the end of 2017 compared to the end of 2016 to illustrate the effect of the GAP on the number of customers in arrears.

	# of Customers in Arrears 2017³	# of Customers in Arrears 2016⁴	Change in # of Customers in Arrears
GAP	3,111	2,801	+10%
Non-GAP LIHEAP	3,502	4,434	-27%
Residential	26,568	27,600	-4%

E. Coordination with Other Low-Income and Conservation Resources

Because our Personal Accounts team interacts with hundreds of low-income customers and other assistance-related organizations throughout the year, consistent with the Commission's November 18, 2009 Order in Docket No. G002/GR-06-1429, we provide a summary of our major outreach initiatives, along with ECC, rather than detailing each individual communication with these agencies:

³ As of December 31, 2017, the end of the calendar year.

⁴ As of September 30, 2016, the end of the program year.

- Dedicated internal low-income coordinator group to increase program awareness and participation;
- Coordination with Energy Cents Coalition on the best approach to reach the lowest income households and highest consumption;
- Quarterly participation in MN Energy Assistance Policy Action Committee;
- Annual Heat Share kickoff informational event for agency workers;
- Safety Net Meetings with Ramsey County occurred throughout 2017; and
- Mailings and outreach to eligible households identified by the company for the Program.
- Dedicated Call Campaign to GAP customers who do not make their required payment within 30 days of their invoice.

Our Personal Account Representatives (PAR) team communicates daily with customers and agencies in regards to available programs for households, including GAP. We discuss with households their ability to maintain service, how they can seek available funding through Energy Assistance, and help match them with internal programs for which they are eligible. In 2017 the PAR department had more than 60,000 phone calls with Minnesota agencies and households related to assistance and our programs resulting in referrals to energy assistance and bill payment assistance programs.

An example of a specific interaction of this nature with an agency is our coordination with Community Action Ramsey and Washington Counties. We participated in on-site community outreach at their location as customers applied for Energy Assistance to offer eligible programs. Customers could meet directly with an Xcel Energy representative to review their account and discuss bill payment assistance options including the Gas Affordability Program and PowerOn for electric customers.

F. Application Processing

The Commission's December 29, 2011 Order in Docket No. G002/GR-06-1429 requires that we establish an application processing goal of processing 95 percent of all complete GAP applications within 30 days of our receipt. We met this goal in 2017.

IV. PARTICIPATION AND APPLICATION RATES, RETENTION, SATISFACTION, AND COLLECTION ACTIVITY

A. Participation and Application Rates

To provide a look at the number of LIHEAP-eligible customers who use the Program, Table 12 shows LIHEAP participation rate and the LIHEAP application rate.

Participation Rate	2017	2016
Xcel LIHEAP Recipients	23,126	19,569
Xcel GAP Participants	11,718	11,163
Participation rate %	48%	57%
Application Rate	2017	2016
LIHEAP (Not Enrolled on GAP)	13,013	8,406
Total new Households applied for GAP	3,699	1,862
Application Rate %	28%	22%

In both categories we saw an increase in the participation and application rates for new households for GAP compared to 2016.

B. Retention

In 2017, a total of 3,141 participants were removed from the Program for various reasons, as summarized below. In order to compare 2017 Program retention to 2016, we summarize below the percent of total participants that left the Program for the various reasons in each of these years.

Program Removal Reason	Number of Customers Removed	Percentage of Total Program Removals	
		2017	2016
Non-Payment	1,957	62%	53%
Household Move	560	18%	17%
Ineligibility or Customer Request	624	20%	30%
<u>Credit Balance</u>	<u>0</u>	<u>0%</u>	<u>0%</u>
Total	3,141	100%	100%

Non-Payment is the primary reason participants leave the Program and this category increased by 9 percent compared to 2016. Customers are removed from the program if they do not make a monthly payment over a period of 60 days and/or two consecutive billing cycles.

In 2012, we worked with ECC, the Office of the Attorney General-Utilities and Antitrust Division (OAG), and the Department of Commerce (Department) to create a new credit balance threshold that became effective with the October 26, 2012 Order in Docket No. G002/GR-06-1429. Under the 2012 agreement, we identify participants for individual review when their credit balance exceeds \$1,000. Then we bring the identified participant to the attention of ECC to develop a joint recommendation. Next, we bring the resulting recommendation to the OAG, and then present the recommendation stemming from ECC, OAG, and Company involvement to the Department. When all parties have agreed on an action, we proceed with that action. In 2017, we did not pursue the removal of any customer under this agreement.

C. Customer Satisfaction

We do not conduct a specific customer satisfaction survey that addresses participation in this Program. However, we are not aware of any customer complaints made to the Company, the Commission, or ECC during the 2017 Program year by Program participants.

D. Collection Activity

While we do not have specific data regarding the Program's impact on collection activity, we believe it is reasonable to conclude from the lower disconnection percentage and the lower average arrearage level attributable to GAP participants as compared to other customers receiving LIHEAP, that the Company may have experienced a reduction in collection activity as a result of this Program.

CONCLUSION

Xcel Energy requests the Commission to accept our Gas Affordability Program Annual Report for 2017.

Dated: March 30, 2018

Northern States Power Company

Northern States Power Company
 Gas Affordability Program
 2017 GAP Tracker

	Beginning of year life to date	2017												Current year to date	Current life to date balance
		January	February	March	April	May	June	July	August	September	October	November	December		
2017 Low Income Discount Program															
UMC 2974 MNGVA:[*Gas Affordability	(21,016,443.37)	(475,981.43)	(344,119.88)	(335,098.85)	(200,194.51)	(132,854.06)	(77,229.14)	(55,426.75)	(56,104.73)	(56,720.56)	(81,951.14)	(219,254.89)	(329,893.15)	(2,364,829.09)	(23,381,272.46)
Manually journaled surcharge on handbilled accts	(6,639.75)	(44.71)	(70.60)	(43.73)	(56.14)	(56.13)	(61.14)	(78.83)	(58.06)	(54.77)	(46.55)	(22.60)	(53.54)	(646.80)	(7,286.55)
A Total Billed		\$ (476,026.14)	\$ (344,190.48)	\$ (335,142.58)	\$ (200,250.65)	\$ (132,910.19)	\$ (77,290.28)	\$ (55,505.58)	\$ (56,162.79)	\$ (56,775.33)	\$ (81,997.69)	\$ (219,277.49)	\$ (329,946.69)		
UMC 2818 Arrearage Forgiveness MNGas:[*GAP Forgivr	1,388,787.72	12,351.00	9,972.00	7,632.00	13,619.00	12,689.00	10,874.00	11,742.00	14,931.00	12,363.00	19,793.06	18,019.04	15,507.00	159,492.10	1,548,279.82
UMC 1354 Affordability Credits MNGVC:[*GAP Affordabil	18,528,940.33	152,699.34	126,486.00	87,670.54	139,288.38	118,640.00	108,329.00	109,166.00	140,795.00	111,643.00	123,569.89	124,072.43	123,002.00	1,465,361.58	19,994,301.91
UMC 1354 on a GJ, not on the TAR report	68.00													-	68.00
UMC 2818 on a GJ, not on the TAR report	8.00													-	8.00
see cell notes	14,422.00													-	14,422.00
B Total Disbursed		\$ 165,050.34	\$ 136,458.00	\$ 95,302.54	\$ 152,907.38	\$ 131,329.00	\$ 119,203.00	\$ 120,908.00	\$ 155,726.00	\$ 124,006.00	\$ 143,362.95	\$ 142,091.47	\$ 138,509.00	1,624,853.68	21,557,079.73
C Admin Program Costs	1,026,146.28	\$ 5,448.95	\$ 7,968.71	\$ 6,752.82	\$ 41,559.90	\$ 6,324.15	\$ 5,391.90	\$ 81,442.79	\$ (71,407.25)	\$ 4,208.67	\$ 41,149.83	\$ 8,360.14	\$ 9,650.66	146,851.27	1,172,997.55
Monthly (over) under recovery		(305,526.85)	(199,763.77)	(233,087.22)	(5,783.37)	4,742.96	47,304.62	146,845.21	28,155.96	71,439.34	102,515.09	(68,825.88)	(181,787.03)	(593,770.94)	(658,481.73)
Tracker Balance Asset/(Liability)	(64,710.79)	(370,237.64)	(570,001.41)	(803,088.63)	(808,872.00)	(804,129.04)	(756,824.42)	(609,979.21)	(581,823.25)	(510,383.91)	(407,868.82)	(476,694.70)	(658,481.73)		

Northern States Power Company
Gas Affordability Program
ANALYSIS OF LOWERING GAP SURCHARGE RATE

Docket No. G002/M-18-____
 2017 Annual Report
 Attachment B
 Page 1 of 1

	Actual					2017 Total
	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	
2017						
Usage (thm)	119,008,721	86,049,162	83,788,285	50,064,680	33,231,121	372,141,969
Revenue from GAP Surcharge with rate of \$0.00400/thm as of Jan. 1, 2013	\$476,026	\$344,190	\$335,143	\$200,251	\$132,910	\$1,488,520
Revenue from GAP Surcharge if the rate was \$0.00445/thm	\$529,589	\$382,919	\$372,858	\$222,788	\$147,878	\$1,656,032
Revenue reduction	\$53,563	\$38,728	\$37,715	\$22,537	\$14,968	\$167,512

1) The average annual affordability benefit received per customer:	\$205
2) The average annual arrearage forgiveness benefit received per customer.	\$32
3) The percentage of LIHEAP customers that participated in GAP:	44%
4) Disconnection rates:	
a. GAP Participants	3%
b. Natural Gas LIHEAP recipients not enrolled in GAP	7%
c. All Natural Gas Residential Customers (non- GAP, non-LIHEAP)	1%
All Firm Gas Customers (non- GAP, non-LIHEAP)*	less than 1%
5) Number of GAP participants enrolled as of 12/31/2017:	6,481
6) Number of GAP participants enrolled and receiving benefits at some time during the program year:	10,114
7) Annual program budget:	\$2,500,000
plus authority to exceed the budget to reduce the tracker balance through additional customer credits	
8) Actual program revenue:	\$2,365,476
9) Actual program cost:	\$1,771,705
10) GAP tracker balance as of 12/31/2017:	\$658,482
11) GAP rate-affordability surcharge:	January-May: \$0.00400/therm June-December: \$0.00445/therm

*As part of GAP, we only track disconnection rates for the residential class as it is the only class eligible for benefits

Data in this Attachment is based on calendar year 2017. Where applicable, the cohort group used was 12 months prior and 12 months after program enrollment.

2017	
Program dates and status	
Date program started	2/1/2008
Program effective date	1/1/2017
Date next evaluation report due	5/1/2020
Date last evaluation completed	5/31/2016
Last evaluation docket number	G002/M-16-493
Status of program (pilot or permanent)	Permanent
Date pilot program ends, if applicable	N/A
Date of last Evaluation Order	5/22/2017
Program administrator	Energy Cents Coalition
Participant benefits	
Description of affordability benefit - maximum payment as % of household income	4%
Description of arrearage forgiveness benefit - repayment period	12-24 months
Average annual income per participant	\$13,468
Average annual bill per participant	\$1,251
Average arrearage balance per participant	\$253
Average annual affordability benefit per participant	\$145
Average annual arrearage forgiveness benefit per customer	\$16
Average total benefit per participant	\$178
Cost and Cost Recovery	
Annual budget	\$2,500,000
Actual revenue	\$2,365,476
Annual cost	\$1,771,705
Surcharge (\$/therm)	\$0.00400 per therm (Jan.-May 2017) \$0.00445 per therm (June-Dec. 2017)
Annual cost of surcharge for average residential customer using 900 therms of gas per year	\$3.84
Customer classes assessed the GAP surcharge	Residential firm, commercial firm and Commercial Demand Billed Service
Tracker balance as of year-end	(\$658,482)
Participation	
% of LIHEAP customers that participated in GAP	41%
Number of participants enrolled as of year-end	6,481
Number of participants enrolled and receiving benefits at some time during the year	8,857
Whether a waiting list occurred at any time during the year	No
If so, the number of customers on the waiting list and for how long	N/A
Impact on disconnection rates	
Disconnection rates - non-GAP LIHEAP baseline	
GAP participants	3%
Non-GAP LIHEAP customers	7%
Non-LIHEAP residential customers	1%
Disconnection rates - pre-program baseline	
GAP participant cohort	GAP participants that did not participate in 2016
GAP participants cohort before they were enrolled in GAP	7% in 2016
Impact on payment frequency	
Dollars paid ÷ dollars requested	
Non-GAP LIHEAP Baseline	
GAP participants	55%
Non-GAP LIHEAP customers	57%
Non-LIHEAP residential customers	98%
Pre-Program Baseline	
GAP participant cohort	GAP participants that did not participate in 2016
GAP participant cohort before they were enrolled in GAP	57%
Number of payments made paid ÷ number of payments requested	
Non-GAP LIHEAP baseline	
GAP participants	57%
Non-GAP LIHEAP customers	54%
Non-LIHEAP residential customers	92%
Pre-program baseline	
GAP participant cohort	GAP participants that did not participate in 2016
GAP participant cohort before they were enrolled in GAP	53% in 2016
Impact on arrears	
% Customers in arrears	
Non-GAP LIHEAP baseline	
GAP participants	38%
Non-GAP LIHEAP customers	43%
Non-LIHEAP residential customers	12%
Pre-Program baseline	
GAP participant cohort	GAP participants that did not participate in 2016
GAP participant cohort before they were enrolled in GAP	58% in 2016
Dollar amount of arrears	
% Change in dollar amount of arrears (non-GAP LIHEAP baseline)	
GAP participants	5%
Non-GAP LIHEAP customers	13%
Non-LIHEAP residential customers	26%
Dollar amount of arrears (pre-Program baseline)	
GAP participant cohort	New GAP participants 2016 vs 2017
GAP participant cohort before they were enrolled in GAP	8%
Complaints	
Number of complaints	0
Nature of complaint(s)	n/a
Retention	
GAP participant retention rate	62%
Impact on collection activity	
Brief description of effect of GAP on collection activity	While we do not have specific data regarding the Program's impact on collection activity, we believe it is reasonable to conclude from the lower disconnection percentage and the lower average arrearage level attributable to GAP participants as compared to other customers receiving LIHEAP, that the Company may have experienced a reduction in collection activity as a result of this Program.
Coordination with other programs	
Page(s) of report where coordination efforts described	See the narrative report.

CERTIFICATE OF SERVICE

I, Jim Erickson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

DOCKET Nos. G002/M-18-____
MISCELLANEOUS GAS SERVICE LIST

Dated this 30th day of March 2018

/s/

Jim Erickson

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