

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben  
Dan Lipschultz  
Valerie Means  
Matthew Schuerger  
John A. Tuma

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

CenterPoint Energy Minnesota Gas  
Amber S. Lee, Director of Regulatory Affairs  
505 Nicollet Mall  
PO Box 59038  
Minneapolis, MN 55459

SERVICE DATE: August 19, 2019

DOCKET NO. G-008/M-19-255;  
G-002/M-19-242;  
G-011/M-19-241;  
G-004/M-19-247;  
G-022/M-19-236

Northern States Power Company  
Bridget Dockter, Manager, Policy and Outreach  
414 Nicollet Mall  
Minneapolis, Minnesota 55401

Minnesota Energy Resources Corporation  
Seth S. DeMerritt, Senior Project Specialist  
700 North Adams St.  
Green Bay, WI 54307

Great Plains Natural Gas Company  
Tamie A. Aberle, Director of Regulatory Affairs  
400 N. 4th St.  
Bismarck, ND 58501

Greater Minnesota Gas, Incorporated  
Kristine A. Anderson, Esq., Corporate Attorney  
202 S. Main Street  
Le Sueur, MN 56058

In the Matter of the Application of CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corp., for Approval of its Gas Affordability Service Program Report

In the Matter of the Application of Northern States Power Company, a Minnesota Corporation, for Approval of its 2018 Annual Gas Affordability Program Report

In the Matter of the Application of Minnesota Energy Resources Corporation for Approval of its Gas Affordability Program 2018 Annual Report

In the Matter of the Application of Great Plains Natural Gas Co. for Approval of its  
2018 Gas Affordability Program Report

In the Matter of the Application of Greater Minnesota Gas, Inc. for Approval of its  
Gas Affordability Program Annual Report for 2018

The above-entitled matter was considered by the Commission on June 13, 2019, and the  
following disposition made:

- 1. Accepted the calendar-year 2018 GAP annual compliance reports for all dockets;**
- 2. Accepted the proposal to reduce the GAP surcharge, with modifications, requiring CPE to reduce its GAP surcharge rate to \$0.0000/Dth, and that the effective date be the month after this order is issued; and**
- 3. Authorized CPE to commence treating the GAP surcharge as a rate that may be adjusted annually based on forecasted GAP expenditures and rate-case approved sales. GAP rate adjustments require Commission authorization prior to going into effect.**

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the order. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf  
Executive Secretary



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April 29, 2019

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket Nos. G008/M-19-255, G002/M-19-242, G004/M-19-247, G011/M-19-241, and  
G022/M-19-236.

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

The Annual Gas Affordability Program (GAP) Report for:

- CenterPoint Energy Minnesota Gas
- Northern States Power Company
- Great Plains Natural Gas Company
- Minnesota Energy Resources Corporation
- Greater Minnesota Gas, Incorporated

The Petitions were filed on March 28 and March 29, 2019 by:

*CenterPoint Energy Minnesota Gas*  
Amber S. Lee, Director of Regulatory Affairs  
505 Nicollet Mall  
PO Box 59038  
Minneapolis, MN 55459  
(612) 321-4625

*Northern States Power Company*  
Bridget Dockter, Manager, Policy and Outreach  
414 Nicollet Mall  
Minneapolis, Minnesota 55401  
[bridget.dockter@xcelenergy.com](mailto:bridget.dockter@xcelenergy.com)  
(612) 337-2096

Docket Nos. G008/M-19-255, G002/M-19-242, G004/M-19-247,  
G011/M-19-241, and G022/M-19-236  
Analysts Assigned: Danielle Winner, Michael Zajicek, Gemma Miltich  
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*Great Plains Natural Gas Company*  
Tamie A. Aberle, Director of Regulatory Affairs  
400 N. 4<sup>th</sup> St.  
Bismarck, ND 58501  
(701) 222-7856

*Minnesota Energy Resources Corporation*  
Seth S. DeMerritt, Senior Project Specialist  
700 North Adams St.  
Green Bay, WI 54307  
[seth.demerritt@wecenergygroup.com](mailto:seth.demerritt@wecenergygroup.com)  
(920) 433-2926

*Greater Minnesota Gas, Incorporated*  
Kristine A. Anderson, Esq., Corporate Attorney  
202 S. Main Street  
Le Sueur, MN 56058  
[kanderson@greatermngas.com](mailto:kanderson@greatermngas.com)  
(507) 665-8657

The Department recommends that the Commission **accept the annual reports.** The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ DANIELLE WINNER  
Rates Analyst

/s/ MICHAEL ZAJICEK  
Rates Analyst

/s/ GEMMA MILTICH  
Financial Analyst

DW/MZ/GM/ja  
Attachment



## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket Nos. G008/M-19-255, G002/M-19-242, G004/M-19-247,  
G011/M-19-241, and G022/M-19-236

#### I. INTRODUCTION

Gas Affordability Programs (GAPs) are governed by Minnesota Statutes 216B.16, Subdivision 15. These programs are designed to reduce the proportion of income that low income customers dedicate to paying their energy bills. Under a GAP, a customer participant makes more frequent bill payments and receives assistance with payments in arrears that they may have. The GAP must be administered such that it reduces the utilities' collection activity costs and effectively coordinates with conservation resources and other applicable low-income bill payment assistance programs. Each Minnesota public utility administering a GAP submits an annual report containing the required statistics and information relevant to the program's performance over the preceding year. In 2019, five natural gas utilities with a GAP submitted their annual reports in the following dockets:

- CenterPoint Energy (CenterPoint), G008/M-19-255
- Xcel Energy (Xcel), G002/M-19-242
- Great Plains Natural Gas Company (Great Plains), G004/M-19-247
- Minnesota Energy Resources Corporation (MERC), G011/M-19-241
- Greater Minnesota Gas, Incorporated (GMG), G022/M-19-236

The annual GAP reports enable the Minnesota Public Utilities Commission (Commission) to monitor the utilities' administration of these affordability programs in the years between the GAP Evaluation Reports, which cover multiple program years.

#### II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviews the annual GAP reports to determine whether they comply with the reporting requirements as outlined in statutes or Commission Order. A list of the reporting requirements is provided as Attachment No. 1 to these Comments.

##### *A. Summary Schedule Information – Required For All Utilities With A GAP*

Each utility administering a GAP is required to submit a set of summary schedule information in its annual GAP filing. Table 1 below combines the summary schedule information provided in the 2019 GAP reports. Dollar values and percentages in Table 1 were rounded to the nearest

whole number. Based on its review of the current GAP reports, the Department concludes that the required summary schedule information was properly included in the associated filings.

**Table 1: Summary Schedule GAP Information Reported for the 2018 Program Year**

Summary Schedule Item	CenterPoint	Xcel Energy	Great Plains	MERC	GMG
	Units in <b>Dollars \$</b>				
Average annual affordability benefit received per customer	376	180	171	453	338
Average annual arrearage forgiveness benefit received per customer	159	200	56	240	9
Annual program budget	5,000,000	2,500,000	50,000	750,000	20,000
Actual program revenue	5,756,551	3,003,349	50,998	0	0
Actual program cost	3,794,247	2,327,710	40,529	652,346	6,582
GAP tracker balance as of year end	4,779,126	1,334,120	27,374	(597,750)	35,290
GAP rate-affordability surcharge per therm	0.00441	0.00445	0.01393	0	0
<i>Non-GAP LIHEAP Baseline Disconnection Rates</i>	Units in <b>Percentage %</b>				
1) GAP participants	3	2	4	<1	0
2) Non-GAP LIHEAP customers	7	7	14	8	5
3) Non-LIHEAP residential customers	4	<1	4	1	<1
<i>Pre-Program Baseline Disconnection Rates</i>	Units in <b>Percentage %</b>				
1) GAP participant cohort	3	1	4	<1	N/A
2) GAP participant cohort before enrolling in GAP	5	5	1	3	N/A
% of LIHEAP customers that participated in GAP	40	42	18	14	22
	Units in <b>Number of Participants</b>				
GAP participants enrolled as of year end	8,616	6,390	170	1,302	19
GAP participants enrolled and receiving benefits at some time during the year	10,748	8,224	238	1,586	22

The Commission's September 28, 2018 *Order Accepting Report and Adopting Streamlined Process* states: "The Commission hereby adopts the streamlined reporting format in Attachment A of the Stakeholder Utility Report."<sup>1</sup> Attachment A requires utilities to report disconnection rates for the following customer groups: GAP customers, LIHEAP-Non GAP customers, and Non-LIHEAP residential customers. Previous to the September 28, 2018 Order, utilities were required to provide the disconnection rates for (a) GAP customers, (b) LIHEAP – Non GAP customers, and (c) non-LIHEAP customers (all firm customers including C&I)."<sup>2</sup> Some utilities failed to note the subtle reporting requirement change and reported disconnection rates for non-LIHEAP customers (all firm customers including C&I), while other utilities reported disconnection rates for non-LIHEAP Residential customers. The Department notes that since LIHEAP and GAP are residential-specific programs, the disconnection rate for non-LIHEAP residential customers is more useful for program evaluation purposes than the disconnection rate for all non-LIHEAP firm customers. Further, the non-GAP LIHEAP Baseline reporting for both payment frequency and customer arrearage uses non-LIHEAP residential customers, rather than non-LIHEAP firm customers. The Department concludes that reporting the disconnection rate for non-LIHEAP residential customers is more relevant to program evaluation and more consistent with the other reporting requirements. Therefore, the Department continues to support the reporting requirement as stated in the Commission's September 28, 2018 Order and asks the utilities to fully comply with the requirement in future reports.

*B. Select Statistics And Other Program Information – Required For All Utilities With A GAP Except GMG*

Utilities that administer a GAP are required to include certain statistics and program information beyond the summary schedule data in their annual GAP reports. The following sections 1 - 7 provide a brief explanation of the information requirements and the select GAP data submitted by each of the relevant utilities. The Department concludes that the GAP information discussed in sections 1 - 7 was provided by the utilities as required.

*1. Payment Frequency*

Utilities are required to report on how and to what extent their GAP impacts customer payment frequency. Specifically, utilities must submit information that includes (1) a comparison of the customer payment frequency before and after the customer was enrolled in the GAP, (2) a comparison of the customer payment frequency for GAP versus LIHEAP grant recipients, and (3) partial and late payment information as it relates to the required payment frequency data. A utility may elect to provide supplementary payment frequency information that is not

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<sup>1</sup> Docket Nos. G008/M-16-486, G002/M-16-493, and G004/M-16-495.

<sup>2</sup> Docket Nos. G008/GR-05-1380, G002/GR-06-1429, G007,011/M-07-1131, G004/M-07-1235, and G001/M-07-1295.

specifically required. The following payment frequency measures and the information in Table 2 summarize the relevant data provided by the utilities for the GAP year 2018.

<u>Payment Frequency</u> <u>Percentage</u>	<u>Code in Table 2</u>	<u>Equation</u>
<b>Percentage (%) of dollars requested that were paid =</b>	<b>A →</b>	(Dollars Paid/Dollars Requested)
<b>Percentage (%) of the number of payments requested that were paid =</b>	<b>B →</b>	(Number of Payments Paid/Number of Payments Requested)

**Table 2: GAP Payment Frequency Statistics for the 2018 Program Year**

<i>Customer Group</i>	<i>Payment Frequency Percentage</i>	<i>CenterPoint</i>	<i>Xcel Energy</i>	<i>Great Plains</i>	<i>MERC</i>
<i>Non-GAP LIHEAP Baseline</i>		<i>Units in Percentage %</i>			
1) GAP participants	A	33	98	56	60
	B	31	88	52	52
2) Non-GAP LIHEAP customers	A	40	95	30	78
	B	41	81	43	79
3) Non-LIHEAP residential customers	A	88	97	94	92
	B	80	92	86	90
<i>Pre-Program Baseline</i>					
1) GAP participant cohort	A	33	97	56	63
	B	31	84	52	62
2) GAP participant cohort before enrolling in GAP	A	20	89	40	61
	B	29	74	41	58

## 2. Payment Amounts

The annual GAP reports must include information about the effect of the GAP on payment amounts. At a minimum, the GAP report payment amount data must incorporate the average annual and monthly bill credit amounts compared to the average GAP participant's annual and average monthly bill and arrearage. Table 3 below provides a summary of the annual payment amount data submitted by the relevant utilities for the GAP year 2018.

**Table 3: GAP Payment Amount Statistics for the 2018 Program Year**

<i>Payment Amount Statistic</i>	<i>CenterPoint</i>	<i>Xcel Energy</i>	<i>Great Plains</i>	<i>MERC</i>
	<i>Units in Dollars \$</i>			
<b>A:</b> Average annual affordability benefit per participant	376	180	171	453
<b>B:</b> Average annual arrearage forgiveness benefit per participant	159	200	56	240
<b>C:</b> Average total benefit per participant	535	270	159	692
<b>D:</b> Average annual bill per participant	933	1,366	642	881
<b>E:</b> Average arrearage balance per participant	446	717	138	-802 <sup>3</sup>
	<i>Units in Percentage %</i>			
<b>(A/D)</b> = average annual affordability benefit as a percentage of the average annual bill	40	13	27	51
<b>(B/D)</b> = average annual arrearage forgiveness benefit as a percentage of the average annual bill	17	15	9	27
<b>(C/D)</b> = average total benefit as a percentage of the average annual bill	57	20	25	79
<b>(B/E)</b> = average annual arrearage forgiveness benefit as a percentage of average arrearage balance per participant	36	28	41	-30

<sup>3</sup> MERC explains the reason for the negative arrearage balance as follows: “the average arrearage (account balance) includes account balances for those customers who have participated in the Program for more than two years and who successfully eliminated their pre-Program arrears and may have a significant credit balance. Because MERC has had an increasing number of accounts in which the total credit balance exceeds the total arrears balance, the average account balance continues to be a growing negative number (i.e., credit).” Of those accounts that still have arrears the average account balance is \$480.

### 3. *Payments In Arrears*

The GAP impacts the level of customer payments in arrears; utilities administering a GAP must report the change in arrearage levels between the last two program years for certain customer classes. Table 4 summarizes the data provided by the utilities on payments in arrears for program year 2018. In Table 4, negative values indicate that the arrearage level decreased, while positive figures denote an increase in arrearage level.

**Table 4: Percentage Change in Dollar Amount of Payments in Arrears from 2017 - 2018**

<i>Customer Group</i>	<i>CenterPoint</i>	<i>Xcel Energy</i>	<i>Great Plains</i>	<i>MERC</i>
<i>Non-Gap LIHEAP Baseline</i>	<i>Units in Percentage %</i>			
1) GAP participant	9	6	35	6
2) Non-GAP LIHEAP customer	20	30	155	40
3) Non-LIHEAP residential customer	-8	24	34	38

### 4. *Program Retention*

Applicable utilities must report the GAP participant retention rate for the relevant program year. The utilities provided the following retention rates, as a percentage, for the program year 2018:

- CenterPoint: 75%
- Xcel Energy: 57%
- Great Plains: 71%
- MERC: 97%

### 5. *Customer Complaints*

The annual GAP reports must include information on the number and type of customer complaints associated with the program and received by the utilities during the program year. Xcel Energy, Great Plains, and MERC each reported zero customer complaints for program year 2018. CenterPoint recorded three customer complaints and described these complaints as a combination of billing questions, inquiries regarding general GAP information, requests for payment extensions, and questions about the customers' removal from GAP.

### 6. *Collections*

GAP reporting guidelines require that the relevant utilities submit information about how the number of payments required of participants under the program have affected the utilities' collection activity. Through a review of their collection activity or related data points,

CenterPoint, Xcel Energy, Great Plains, and MERC all concluded that the increased number of payments received by GAP participants has correspondingly reduced the companies' collection activities.

*7. Coordination With Other Resources*

Each applicable utility provided a summary on its coordination efforts with other resources and assistance programs related to the administration of the GAP. This required information is further condensed and presented in Table 5 below.

**Table 5: Coordination Efforts with other Resources for GAP Administration in the 2018 Program Year**

<i>Utility</i>	<i>Summary of Coordination Efforts</i>
CenterPoint	<ul style="list-style-type: none"> <li>• Coordinated with conservation programs, Hennepin County, Benton County, Sherburne County, Stearns County, and other organizations</li> </ul>
Xcel Energy	<ul style="list-style-type: none"> <li>• Coordinated with Energy CENTS Coalition (ECC) to improve communication and outreach to low-income households</li> <li>• Participated in Safety Net Meetings with Ramsey County and the quarterly MN Energy Assistance Policy Action Committee</li> </ul>
Great Plains	<ul style="list-style-type: none"> <li>• Communicated with and provided of GAP applications to energy and billing assistance agencies within service territory</li> <li>• Provided information on the GAP and the associated application to customers previously receiving or currently applying for energy assistance through other programs</li> </ul>
MERC	<ul style="list-style-type: none"> <li>• Coordinated with the Salvation Army for administration of GAP and other supporting services; the Salvation Army provides GAP participants with referrals to a variety of other programs, including energy, food, rental, and financial planning assistance</li> <li>• Communicated with the Minnesota Energy Assistance program to refer assistance recipients to GAP</li> </ul>

*C. Select Statistics And Other Program Information For CenterPoint*

CenterPoint is required to include two additional information items beyond the disclosures prescribed for other natural gas utilities.

*1. Conservation Measures*

The Department concludes that CenterPoint provided the required conservation measures information. The Department summarizes the provided information in the table below.

**Table 6: CenterPoint’s Conservation Measures for GAP in Program Year 2018**

<i>Item</i>	<i>Description</i>
Potential no-, low-, and mid-cost conservation measures that could be implemented in the households of GAP participants	<ul style="list-style-type: none"> <li>• Lowering thermostat and/or installing a programmable unit</li> <li>• Changing furnace filters regularly</li> <li>• Lowering water heater setting</li> <li>• Opening and closing drapes according to season and time of day</li> <li>• Maintaining open air flow around heating registers</li> <li>• Installing low-flow showerhead and faucet aerator</li> <li>• Window, door, and attic hatch weather-stripping</li> <li>• Home energy audit; weatherization</li> <li>• Furnace repair/replacement/tune-up</li> <li>• Boiler repair/replacement/tune-up</li> <li>• Pipe and water heater insulation</li> <li>• Water heater replacement</li> </ul>
Plans to encourage GAP participants to increase their use of these measures	Cross-promotion of programs with GAP

*2. Customer Eligibility*

The Department concludes that CenterPoint has provided the required customer eligibility information. For 2018, CenterPoint found that 1,658 customers applied for GAP but did not qualify for credits.

*D. Select Statistics And Other Program Information For Great Plains*

Great Plains must include three information points in its annual GAP report in addition to the data requirements that apply to multiple utilities. The following three sections outline the GAP participation rate, cost, and overall evaluations provided by Great Plains. The Department concludes that Great Plains complied with the additional reporting guidelines as required.

*1. Participation Rate Evaluation*

Great Plains received 408 GAP applications in 2018, representing a 23% increase in applications compared to the 2017 program year. The Great Plains' GAP retained participants at a rate of 71% in 2018, reflecting an increase in participation retention from the 65% rate in 2017. Throughout the 2018 program year, Great Plains considered all LIHEAP and other assistance funds as customer payments; this change resulted in (1) more applicants qualifying for and not being removed from the program and (2) more customers qualifying for arrearage forgiveness.

*2. Cost Evaluation*

The average total benefit per Great Plains GAP participant was \$159 in program year 2018, or \$66 higher than the \$93 average total benefit in 2017. The 2018 benefit amount continues to be significantly lower than the initially assumed annual cost per participant of \$555, which was estimated years earlier. Great Plains notes that the annual average GAP participant bill increased from \$500 in 2017 to \$642 in 2018, largely due to increases in the cost of gas. These increased gas costs likely contributed to the higher average total benefit per participant seen in 2018 over 2017.

*3. Overall Evaluation*

Great Plains intends to reevaluate the surcharge of \$0.01393 per dekatherm in its Evaluation Report, which is due May 31, 2019, and does not propose any changes at this time. The surcharge is collected to fund the Company's GAP. Great Plains further notes that the changes implemented for its 2018 GAP were successful in contributing to the increase in qualified GAP participants from 57 in 2017 to 238 in 2018.

Docket Nos. G008/M-19-255, G002/M-19-242, G004/M-19-247,  
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Analysts Assigned: Danielle Winner, Michael Zajicek, Gemma Miltich  
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### **III. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS**

The Department recommends that the Commission accept the utilities' reports.

The Department also requests that all utilities fully comply with the Commission's September 28, 2018 Order, particularly noting that the disconnection rate reporting is to reflect non-LIHEAP residential customers and not non-LIHEAP firm (including C&I) customers.

/ja

**Department Attachment 1 - Requirements for 2018 Annual GAP Reports**

**Docket Nos. G008/M-19-255, G002/M-19-242, G004/M-19-247, G011/M-19-241, and G022/M-19-236**

<b>All Utilities</b>	
Summary Schedule	<p>A summary schedule containing the:</p> <ul style="list-style-type: none"> <li>• Average annual affordability benefit received per customer</li> <li>• Average annual arrearage forgiveness benefit received per customer</li> <li>• Annual program budget</li> <li>• Actual program revenue</li> <li>• Actual program cost for all utilities except GMG</li> <li>• GAP tracker balance as of year-end</li> <li>• GAP rate-affordability surcharge (\$/therm)</li> <li>• Disconnection rates for GAP customers, non-GAP LIHEAP customers, and non-LIHEAP residential customers</li> <li>• Percentage of LIHEAP customers that participated in GAP</li> <li>• Number of GAP participants enrolled as of year-end</li> <li>• Number of GAP participants enrolled and receiving benefits at some time during the year</li> </ul>
<b>All Utilities Except GMG</b>	
Payment Frequency	The effect of the GAP on customer payment frequency, including at a minimum a comparison of the payment frequency for customers in GAP to the payment frequency before they were enrolled in GAP, plus a comparison of the payment frequency for GAP participants to the payment frequency for LIHEAP grant recipients. The information reported on customer payment frequency must incorporate partial and late payment information.
Payment Amounts	The effect of the GAP on payment amounts, including at a minimum the average annual and monthly bill credit amount, compared to the average GAP participant's annual and average monthly bill and arrearage amount.
Arrears	The effect of the GAP on the number of customers in arrears, and the effect of GAP on arrearage levels—the latter including at a minimum the change in the arrearage level for the average GAP customer compared to the LIHEAP customers that are not enrolled in the GAP and the average level of arrearage for all of the utility's residential customers.
Retention	The effect of the GAP on retention rates.
Complaints	The effect of the GAP on customer complaints, and data on the type and number of complaints.
Collections	The effect of the GAP on utility collection activity.
Coordination	Information relating to how each utility has coordinated its GAP with other available low-income and conservation resources, naming the agencies the utility has coordinated with, how often the utility has communicated with those agencies during the year, the content of those communications, and what was accomplished in terms of coordination.
<b>CenterPoint Only</b>	
Conservation Measures	The potential no, low, and mid-cost conservation measures that could be implemented in the households of GAP participants, along with CenterPoint's plans to encourage GAP participants to increase their use of these measures.
Customer Eligibility	The number of customers who do not qualify for credits, including zero credit customers.
<b>Great Plains Only</b>	
Participation Rate Evaluation	An evaluation of the assumed GAP participation rate of five percent in light of actual participation in the program.
Cost Evaluation	The actual annual average cost per participant for the program and a discussion concerning any deviation of the actual annual average cost per participant compared to the assumed average annual cost per participant of \$555.
Overall Evaluation	Conclusion regarding the reported evaluation data and proposal concerning the GAP on an ongoing basis.

May 7, 2019

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

RE: **Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket Nos. G008/M-19-255

Dear Mr. Wolf:

Attached are the Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

The Annual Gas Affordability Program (GAP) Report for:

- CenterPoint Energy Minnesota Gas

The Petition was filed on April 1, 2019 by:

*CenterPoint Energy Minnesota Gas*  
Amber S. Lee, Director of Regulatory Affairs  
505 Nicollet Mall  
PO Box 59038  
Minneapolis, MN 55459  
(612) 321-4625

The Department filed comments on the natural gas utilities' annual GAP reports on April 29, 2019, but inadvertently neglected to provide an analysis of CenterPoint Energy Minnesota Gas' request to adjust its GAP surcharge. The Department apologizes for this oversight and requests that the Minnesota Public Utilities Commission (Commission) accept these supplemental comments.

The Department recommends that the Commission **approve CenterPoint's proposal, with modification**. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ DANIELLE WINNER  
Rates Analyst

/s/ MICHAEL ZAJICEK  
Rates Analyst

/s/ GEMMA MILTICH  
Financial Analyst

DW/MZ/GM/ar  
Attachment



## Before the Minnesota Public Utilities Commission

### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G008/M-19-255

#### I. INTRODUCTION

On April 1, 2019, CenterPoint Energy Natural Gas (CenterPoint or the Company) filed its annual Gas Affordability Program (GAP) compliance filing in Docket No. G008/M-19-255 (*Petition*). This corresponded with annual GAP filings made by Xcel Energy (Docket No. G002/M-19-242), Great Plains Natural Gas (Docket No. G004/M-19-247), Minnesota Energy Resources Corporation (MERC) (Docket G011/M-19-241), and Greater Minnesota Gas, Incorporated (Docket No. G022/M-19-236).

In addition to reporting its annual GAP data, CenterPoint also proposed to adjust its GAP surcharge, and to continue to do so on an annual basis. These Supplemental Comments respond to CenterPoint's proposal.

#### II. CENTERPOINT'S PROPOSAL

CenterPoint proposed to reduce its GAP surcharge rate from \$0.0441/Dth to \$0.0001/Dth, to be effective beginning October 2019. This goal of this reduction is to bring the Company's GAP tracker balance closer to zero.

To support this proposal, the Company provided its projected GAP tracker for each month of 2019 and 2020 in Attachments E and F to its *Petition*. With the current GAP surcharge rate, CenterPoint estimates that the GAP tracker balance will be over-recovered by \$6,936,361 by the end of May 2019, and will be over-recovered by \$6,067,122 by end the of September 2019.

Under CenterPoint's proposal, the Company projects that the tracker balance will be over-recovered by only \$1,407,720 by the end of December 2020. CenterPoint does not charge carrying charges for over- and under-recoveries in the GAP tracker. The effect of the proposed change is shown in the following table.

Description	Time Period	Amount
Beginning Balance – Under/(Over) Recovered	October 1, 2019	(\$6,067,122)
GAP Program Expenses	October 1, 2019 – December 31, 2020	\$4,673,340
GAP Surcharge Recoveries	October 1, 2019 – December 31, 2020	(\$13,940)
Ending Balance – Under/(Over) Recovered	As of December 31, 2020	(\$1,407,722)

CenterPoint proposed charge a rate of \$0.0001/Dth rather than \$0.0000/Dth so that the GAP surcharge will continue to appear on customer bills. The Company stated that this will avoid changes to its billing procedures and will help reduce customer confusion.

Additionally, CenterPoint proposed to begin treating the GAP surcharge as an annual adjustment mechanism, based on forecasted GAP expenditures and rate-case approved sales. The goal of this would be to help better align costs with recoveries and prevent customers from getting over- or under-charged for GAP costs.

### **III. DEPARTMENT ANALYSIS**

While the Department is not strongly opposed to CenterPoint's proposal to set the GAP surcharge at \$0.0001/Dth, the Department notes that setting the GAP surcharge at \$0.0000/Dth would expedite the process of bringing the tracker balance closer to zero. If the Company were to implement a \$0.0000/Dth GAP surcharge in October 2019 instead of the proposed \$0.0001/Dth, the estimated Ending Balance on December 31, 2020 would be (\$1,393,782) instead of (\$1,407,722). This is admittedly a fairly minor difference. However, these figures assume an effective date of October 2019; if the implementation date were earlier, the impact on the CIP tracker balance would be greater.

The recommendation to set the GAP surcharge at \$0.0000/Dth is supported by public policy considerations. First, due to turnover in CenterPoint's customer base, the ratepayers receiving the benefit of the lower GAP surcharge in 2019 will be somewhat different from the set of ratepayers whose contribution lead to the over-recovery of the tracker balance in the years prior to 2019. Second, CenterPoint will be filing a general rate case in the fall of 2019. Customer rates and bills will be increasing shortly thereafter due to the likely approval of interim rates. Lowering the GAP surcharge to \$0.0000/Dth would provide a small offset to the likely increase in CenterPoint's base rates. Finally, this change may provide the Company with an incentive to manage the tracker balance more proactively in the future.

Finally, the recommendation to set the GAP surcharge at \$0.0000/Dth is consistent with past Commission action. The Commission's September 25, 2015 Order in Docket No. G011/M-15-539 (MERC's 2015 Evaluation of its Gas Affordability Program), the Commission directed MERC to set its GAP surcharge rate at \$0.00 per therm in order to correct for an over-recovered tracker balance.

In regards to the Company's proposal to review the GAP surcharge on an annual basis, and to set this surcharge based upon forecasted sales and expenditures, the Department is supportive. This treatment will help avoid high tracker balances in the future, will better align costs and recoveries, and is consistent with other tracker-based riders such as the Conservation Improvement Program Rider.

### **IV. RECOMMENDATION**

While not strongly opposed to CenterPoint's proposal, the Department recommends that the Commission direct CenterPoint to set the GAP surcharge at \$0.0000/Dth, to become effective no later than the month after the Commission's Order in this matter.

Further, the Department supports CenterPoint's proposal to begin reviewing the GAP surcharge on an annual basis.

/ar

## **CERTIFICATE OF SERVICE**

I, Robin Benson, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

**Minnesota Public Utilities Commission  
ORDER**

Docket Numbers: **G-008/M-19-255; G-002/M-19-242; G-011/M-19-241;  
G-004/M-19-247; G-022/M-19-236**

Dated this **19th** day of **August, 2019**

/s/ Robin Benson

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	OFF_SL_19-236_M-19-236
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-236_M-19-236
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-236_M-19-236
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68  Le Sueur, MN 56058	Electronic Service	No	OFF_SL_19-236_M-19-236
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	Electronic Service	No	OFF_SL_19-236_M-19-236
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-236_M-19-236
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_19-236_M-19-236
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-236_M-19-236
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-236_M-19-236

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500  Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_19-241_M-19-241
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-241_M-19-241
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-241_M-19-241
Daryll	Fuentes	dfuentes@usg.com	USG Corporation	550 W Adams St  Chicago, IL 60661	Electronic Service	No	OFF_SL_19-241_M-19-241
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-241_M-19-241
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-241_M-19-241
Catherine	Phillips	catherine.phillips@we-energies.com	We Energies	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	No	OFF_SL_19-241_M-19-241
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-241_M-19-241
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-241_M-19-241
Colleen	Sipiorski	Colleen.Sipiorski@wecenergygroup.com	Minnesota Energy Resources Corporation	700 North Adams St  Green Bay, WI 54307	Electronic Service	No	OFF_SL_19-241_M-19-241

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristin	Stastny	kstastny@briggs.com	Briggs and Morgan, P.A.	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-241_M-19-241
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_19-241_M-19-241
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-241_M-19-241
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	No	OFF_SL_19-241_M-19-241

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_19-242_M-19-242
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd.  St. Louis, MO 63119-2044	Electronic Service	No	OFF_SL_19-242_M-19-242
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-242_M-19-242
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174  Lake Elmo, MN 55042	Paper Service	No	OFF_SL_19-242_M-19-242
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-242_M-19-242
Edward	Garvey	edward.garvey@AESLconsulting.com	AESL Consulting	32 Lawton St  Saint Paul, MN 55102-2617	Electronic Service	No	OFF_SL_19-242_M-19-242
Todd J.	Guerrero	todd.guerrero@kutakrock.com	Kutak Rock LLP	Suite 1750 220 South Sixth Street Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_19-242_M-19-242
Annete	Henkel	mui@mutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-242_M-19-242
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue  St. Paul, MN 55130	Electronic Service	No	OFF_SL_19-242_M-19-242
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street  St. Paul, MN 551012134	Electronic Service	No	OFF_SL_19-242_M-19-242

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-242_M-19-242
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-242_M-19-242
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-242_M-19-242
Peder	Larson	plarson@larkinhoffman.com	Larkin Hoffman Daly & Lindgren, Ltd.	8300 Norman Center Drive Suite 1000 Bloomington, MN 55437	Electronic Service	No	OFF_SL_19-242_M-19-242
Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620  St. Paul, MN 551640620	Electronic Service	No	OFF_SL_19-242_M-19-242
Peter	Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 551017741	Electronic Service	No	OFF_SL_19-242_M-19-242
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-242_M-19-242
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-242_M-19-242
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-242_M-19-242
David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_19-242_M-19-242

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-242_M-19-242
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-242_M-19-242
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-242_M-19-242
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-242_M-19-242
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-242_M-19-242

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	OFF_SL_19-247_M-19-247
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-247_M-19-247
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-247_M-19-247
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-247_M-19-247
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-247_M-19-247
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-247_M-19-247

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street  Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_19-255_M-19-255
James J.	Bertrand	james.bertrand@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-255_M-19-255
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-255_M-19-255
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-255_M-19-255
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-255_M-19-255
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St  Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-255_M-19-255
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-255_M-19-255
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-255_M-19-255
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-255_M-19-255
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-255_M-19-255

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-255_M-19-255
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_19-255_M-19-255
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-255_M-19-255
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No	OFF_SL_19-255_M-19-255
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-255_M-19-255
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-255_M-19-255
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_19-255_M-19-255
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-255_M-19-255