



414 Nicollet Mall  
Minneapolis, Minnesota 55401

June 14, 2021

—Via Electronic Filing—

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE: REPLY COMMENTS  
GAS AFFORDABILITY PROGRAM  
DOCKET NO. G002/M-21-220

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Reply to the June 4, 2021 Comments of the Minnesota Department of Commerce, Division of Energy Resources regarding our 2020 Gas Affordability Program (GAP) Annual Report and proposed tariff modification.

We thank the Department for their thorough review of our report and preliminary support of our proposed tariff modification to reduce the affordability credit to limit participants' bills to three percent of household income from the current four percent level. In this Reply, we provide additional data in support of our proposed modification and discuss how the modification impacts the program spending cap.

#### **A. Supporting 2020 Data**

In 2020, the average GAP participant's income was \$13,052 and the average annual bill amount was \$707. Therefore, at the current four percent rate, an average customer would be eligible for an annual affordability credit of \$185. At three percent, an average customer would be eligible for an annual affordability credit of \$315. The average annual affordability credit would have increased by \$130 if calculated at three percent of household income. Using the participant count from the end of the 2020 program year of 5,022 households, we would have decreased the tracker balance by \$652,860 if the affordability credit had been calculated using three percent of household income.

In addition, 2,241 households did not qualify for the program in 2020 because they already paid less than four percent of their income for their gas bills. If the

percentage of household income had been three percent in 2020, about 800 of those households would have qualified for the program. The average annual credit for these households would be about \$100 each, which would have reduced the tracker balance by an additional \$80,000 in 2020.

In total, if the household income threshold had been three percent, we estimate that the tracker surplus would have been reduced by a total of \$732,860, from \$2,257,914 to \$1,525,054. At this pace, it will take more than three years to eliminate the tracker balance. However, we caution that these calculations assume full participation by those enrolled, whereas we would expect actual spending to be less because some customers are removed from the program for not making their required monthly budget payment. With a lower household income threshold, customers may have been better able to keep current on their payments since they were receiving a larger credit, which could reduce attrition rates.

We note that the Commission previously approved a reduction in the percentage of household income from six percent to four percent as part of our last natural gas base rate case in Docket No. G002/GR-09-1158. We were also experiencing a surplus tracker balance at that time.

## **B. Spending Cap**

As the Department notes, our tariff allows us to spend the over-recovered balance in the GAP tracker above the \$2.5 million annual program budget. In addition, the tariff explains that program enrollment is limited to a first-come, first-served basis until the estimated program dollar cap is reached. In years when we have a tracker surplus, the estimated program budget for the year exceeds \$2.5 million.

Because of the first-come, first-served enrollment plan, we do not believe there is any risk to maintaining the \$2.5 million cap with a reduced household income threshold. Each year we manage the program to available dollars, whether that is \$2.5 million or \$2.5 million plus available surplus in the tracker balance. Once the tracker balance is reduced, we will continue to enroll participants on a first-come, first-served basis and once available program dollars have been committed, enrollment will be put on hold for that year unless additional funds become available through attrition. In other words, we would not expect to exceed the \$2.5 million annual program budget once the tracker surplus is reduced even with the reduction to the percentage of household income.

We note that our tracker balance has never been negative in the more than 13 years since the program began. We have generally struggled to spend the full \$2.5

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million each year. We hope that the reduction of the percentage of household income will get us closer to spending the full \$2.5 million each year without amassing tracker surpluses while at the same time providing a more impactful benefit to participants.

### **C. Tariff**

We acknowledge the Department's observation that there is a second reference to four percent in the tariff sheet that needs to be updated to three percent that we neglected to mark in our proposed tariff sheet. We will make this update in the final tariff sheets filed in compliance, if the Commission approves the proposed modification.

### **D. Conclusion**

The Company believes the proposed tariff modification will help reduce the GAP tracker balance while providing a more impactful benefit to customers, as demonstrated by the 2020 data examples provided in this Reply. We do not believe the program spending cap is a barrier for reducing the household income threshold from four to three percent as proposed. We respectfully request the Commission accept our 2020 GAP Annual Report and approve our proposed tariff modification as filed.

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 Martha Hoschmiller at [martha.e.hoschmiller@xcelenergy.com](mailto:martha.e.hoschmiller@xcelenergy.com) / 612-330-5973 or me at [bridget.dockter@xcelenergy.com](mailto:bridget.dockter@xcelenergy.com) / 612-337-2096 if you have any questions regarding this filing.

SINCERELY,

/s/

BRIDGET DOCKTER  
MANAGER, POLICY AND OUTREACH

Enclosures  
c: Service List

## CERTIFICATE OF SERVICE

I, Crystal Syvertsen, 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-21-220**

Dated this 14th day of June 2021

/s/

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Crystal Syvertsen

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