



414 Nicollet Mall  
Minneapolis, Minnesota 55401

March 31, 2016

—Via Electronic Filing—

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

RE: ANNUAL REPORT  
GAS AFFORDABILITY PROGRAM  
DOCKET NO. G002/M-16-\_\_\_\_\_

Dear Mr. Wolf:

Enclosed for filing is our Gas Affordability Program Annual Report for 2015. We submit this Report pursuant to our Natural Gas Low Income Energy Discount Rider Tariff, various Commission Orders in Docket No. G002/GR-06-1429, and the September 29, 2015 Order in Docket No. G002/M-15-314. We are submitting this report as a new miscellaneous tariff filing as requested by the Commission's Order dated November 26, 2014 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](mailto:rebecca.d.eilers@xcelenergy.com) / 612-330-5570 or me at [amy.a.liberkowski@xcelenergy.com](mailto:amy.a.liberkowski@xcelenergy.com) / 612-330-6613 if you have any questions regarding this filing.

SINCERELY,

/s/

AMY A. LIBERKOWSKI  
MANAGER  
REGULATORY ANALYSIS

Enclosures  
c: Service List

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
John Tuma	Commissioner

IN THE MATTER OF THE APPLICATION OF  
NORTHERN STATES POWER COMPANY, A  
MINNESOTA CORPORATION, 2015 ANNUAL  
GAS AFFORDABILITY PROGRAM REPORT

DOCKET NO. G002/M-16-\_\_\_\_\_

**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 2015. 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, as well as the Commission's September 29, 2015 Order in Docket No. G002/M-15-314. In addition, the September 29 Order required a proposal evaluating cost allocation methods for each company's GAP program with associated support, which we provide in Section V. We respectfully request the Commission accept our 2015 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
- V. Additional Required Information

We provide the 2015 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 of our Program from six to four percent, in accordance with the Commission's November 18, 2009 Order.

In the January 20, 2012 Order in Docket No. G002/GR-06-1429, the Commission approved our use of excess Tracker funds, and we updated our GAP tariff to specifically allow for use of excess Tracker funds in future Program years. We note that in 2015 we were able to exceed the annual \$2.5 million expenditure cap. Our final 2015 expenditures were \$2,991,210.

On June 1, 2012, we submitted our Evaluation Report of the four years of the pilot Program. In its October 26, 2012 Order in Docket No. G002/GR-06-1429, the Commission accepted our evaluation and extended the Program for four years (until December 31, 2016) with some Program changes and additional reporting requirements. Per the October 26, 2012 Order, our next Evaluation Report is due on May 31, 2016.

### **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 \$9,706,738 toward their energy costs during the 2015 Program year.<sup>1</sup> The average per participant payment amount was \$73 per month. We calculated this number by dividing total participant payments of \$9,706,738, which includes partial payments of \$2,396,629 and

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

full payments of \$7,310,109 by the overall participation count of 11,041. This equals \$879 annually per participant, which divided by 12 months, equals an average of \$73 per GAP participant per month. In comparison, the average 2014 monthly GAP participant payment amount was \$75.

#### **D. Program Year Enrollment**

In 2015, we managed participation in the Program based on the tracker balance available, which resulted in an increase in participation. A total of 11,041 Xcel Energy customers participated in GAP at some point during the 2015 Program year, compared to 10,620 in 2014. Our 2015 enrollment as of December 31, 2015 was five percent higher than December 31, 2014, with 7,131 participants enrolled in the Program compared to 6,775 in 2014. The additional customers that participated in the 2015 Program year, but were not participants on December 31, were removed from the Program due to the various provisions of the Program. We discuss our retention in Section IV of this report.

## **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:

<b>Table 1: GAP Tracker Summary</b>	
<b>Item</b>	<b>Amount</b>
Tracker Balance as of December 31, 2014	\$1,458,854
Affordability & Arrearage Forgiveness Credits	(\$2,991,210)
Administrative Program Costs	(\$191,369)
Program Collections (per therm charge)	\$2,223,702
Tracker Balance as of December 31, 2015	\$499,977

#### **A. Program Funding**

The Program is funded by a per therm charge of \$0.00400, which we collect from all residential and most business customers. In 2015, the average residential customer cost was approximately \$4.89 per year, or \$0.41 per month. (\$2,223,702 divided by 455,131.)

The journal entry made in March 2015 to correct for the Red Wing generating plant surcharge oversight, discussed in our 2014 GAP Annual Report (Docket No. G002/M-15-314), can be seen in the 2015 GAP tracker (Attachment A).

## B. Program Administration Costs

As shown in Table 1, our total Program costs for 2015 were \$3,182,578 (the Affordability and Arrearage Forgiveness Credits plus the Administrative Program Costs). Our total Program Administration costs for the 2015 Program year were \$191,369. Our overall program to date administration cost percentage is under the 5 percent cap. This compares to \$139,294 in Program Administration costs in 2014. The increase in administration costs was due to continued mailing and outreach to customers throughout 2015 to increase participation.

## C. Tracker Account

The Commission's October 26, 2012 Order in Docket No. G002/GR-06-1429 requires 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. Attachment B to this filing shows the results we experienced in 2015 from lowering the surcharge rate and the forecast for 2016. As per the October 26, 2012 Order, the rate will return to \$0.00445 per therm on January 1, 2017, and we will manage Program participation to that funding level. Table 2 below summarizes the information in Attachment B.

	<b>Actual 2013</b>	<b>Actual 2014</b>	<b>Actual 2015</b>	Actual Jan – Feb 2016	Forecast Mar – Dec 2016	<b>Total 2016</b>	<b>2013 - 2016 Total</b>
Revenue with Actual Rate	\$2,487,617	\$2,711,471	\$2,223,702	\$764,804	\$1,539,163	\$2,303,967	\$9,726,757
<u>Revenue if Rate Was \$0.00445/thm</u>	\$2,736,712	\$3,016,735	\$2,474,173	\$850,853	\$1,712,319	\$2,563,172	\$10,790,792
Reduction in Surcharge Revenues	\$249,095	\$305,264	\$250,471	\$86,049	\$173,156	\$259,205	\$1,064,035

As Table 2 shows, in 2015 we saw a reduction to GAP surcharge revenues of approximately \$250,471 due to the decreased surcharge rate, which directly impacted the Tracker balance. In 2016, we are expecting to see a reduction in GAP surcharge

revenues of approximately \$259,205. Over the four years collecting at the reduced surcharge factor, we have reduced the Tracker balance by \$1,064,035, and thus we are on track to meet our four-year goal of a \$1 million reduction.

To further reduce the Tracker, we also agreed to and began conducting additional outreach with the goal of reducing the Tracker balance. We began additional outreach in 2013 and continued it through 2015. We saw an increase in participation in 2015.

We note that in 2015 we reduced the tracker balance by \$958,876 through reducing the surcharge amount and increasing participation.

### III. CUSTOMER PAYMENTS, DISCONNECTIONS, & ARREARS

This Section provides our responses to the reporting requirement Order Points contained in the Commission’s November 18, 2009 Order in Docket No. G002/GR-06-1429.

#### A. Participant Payment Frequency and History

Below is a comparison of the payment frequency for our 2015 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:

<b>Table 3: 2015 Payment Frequency Comparison Pre- and Post-GAP Enrollment</b>				
	<b>Prior to 2015 GAP Participation</b>		<b>After 2015 GAP Enrollment</b>	
	<b>Amount</b>	<b>Count</b>	<b>Amount</b>	<b>Count</b>
Total Payment Requested	\$ 4,448,591	2,826	\$ 15,011,945	11,041
Full Payment Made	\$ 2,162,160 (49%)	821	\$ 7,310,109 (49%)	2,255
Partial Payment Made	\$ 604,451 (14%)	427	\$ 2,396,629 (16%)	1,419
No Payment Made	\$ 219,367 (5%)	278	\$ 585,279 (4%)	817

For the 2015 Program year, participant payment statistics improved from 2014 with the exception of partial payments made. Full payments made increased by seven percent and partial payments made decreased by one percent. The nonpayment category decreased by one percent. We provide the 2014 numbers below for reference.

<b>Table 4: 2014 Payment Frequency Comparison Pre- and Post-GAP Enrollment</b>				
	<b>Prior to 2014 GAP Participation</b>		<b>After 2014 GAP Enrollment</b>	
	<b>Amount</b>	<b>Count</b>	<b>Amount</b>	<b>Count</b>
Total Payment Requested	\$ 4,323,875	2,857	\$16,183,576	10,620
Full Payment Made	\$ 2,070,966 (48%)	831	\$ 6,786,750 (42%)	1,894
Partial Payment Made	\$ 537,841 (12%)	409	\$ 2,817,182 (17%)	1,467
No Payment Made	\$ 270,884 (6%)	284	\$ 794,823 (5%)	742

Below is a comparison of the payment frequency for 2015 GAP participants to the payment frequency for 2015 LIHEAP recipients who did not participate in GAP.

<b>Table 5: 2015 Payment Frequency Comparison GAP Participants to Overall LIHEAP Recipients</b>				
	<b>2015 GAP Participants</b>		<b>2015 Non-GAP LIHEAP Recipients</b>	
	<b>Amount</b>	<b>Count</b>	<b>Amount</b>	<b>Count</b>
Total Payment Requested	\$ 15,011,945	11,041	\$21,472,955	14,758
Full Payment Made	\$ 7,310,109 (49%)	2,255	\$10,701,875 (50%)	5,338
Partial Payment Made	\$ 2,396,629 (16%)	1,419	\$2,795,529 (13%)	3,404
No Payment Made	\$ 585,279 (4%)	817	\$ 1,039,065 (5%)	685

Non-GAP LIHEAP participants increased the percentage of full payments and no payments made by one percent and decreased the percentage of partial payments made by three percent. We provide the 2014 numbers below for reference.



<b>Table 6: 2014 Payment Frequency Comparison GAP Participants to Overall LIHEAP Recipients</b>				
	<b>2014 GAP Participants</b>		<b>2014 Non-GAP LIHEAP Recipients</b>	
	<b>Amount</b>	<b>Count</b>	<b>Amount</b>	<b>Count</b>
Total Payment Requested	\$16,183,576	10,620	\$28,479,857	17,601
Full Payment Made	\$6,786,750 (42%)	1,894	\$13,682,072 (48%)	6,311
Partial Payment Made	\$2,817,182 (17%)	1,467	\$3,747,470 (13%)	4,053
No Payment Made	\$794,823 (5%)	742	\$1,849,906 (6%)	1,014

## **B. Disconnections**

Below are the credit-related disconnection percentages for the required customer categories:

<b>Table 7: Percentage Disconnected</b>		
<b>Customer Category</b>	<b>2015</b>	<b>2014</b>
2015 GAP participants	5%	6%
LIHEAP recipients that do not participate in GAP	9%	11%
All Residential Natural Gas Customers (non-GAP, non-LIHEAP)	1%	1%

When comparing 2015 to 2014, we see a two percent decrease in disconnections for LIHEAP customers and a one percent decrease for GAP customers. The disconnection percentage of other residential customers stayed the same.

## **C. Program Credits/Benefits**

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

<b>Table 8: GAP Participants Bills and Credits</b>		
	<b>2015</b>	<b>2014</b>
Average GAP participant annual bill	\$1,323	\$1,486
Average GAP participant monthly bill	\$110	\$124
Average Annual Affordability benefit	\$241	\$264
Average Annual Arrearage Forgiveness benefit	\$30	\$33
Average Monthly Bill Credit per participant	\$23	\$25

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 \$2,662,495 divided by 11,041 participants. For the Arrearage Forgiveness component, it is \$328,715 divided by 11,041 participants. It is worth noting, that not all participants receive a credit each month due to various scenarios – moving, closed account, nonpayment. Prior to the 2014 annual report, we reported one line for the Affordability and Arrearage Forgiveness credits combined.

#### **D. Arrearage Level**

Below are the average arrearage levels for the identified customer categories:

<b>Table 9: Average Arrearage Levels</b>		
<b>Customer Category</b>	<b>2015</b> (As of September 30, 2015)	<b>2014</b> (As of September 30, 2014)
GAP Participants	\$378	\$439
Natural Gas LIHEAP recipients not enrolled in GAP	\$221	\$335
All Natural Gas Residential Customers (non- GAP, non-LIHEAP)	\$129	\$328

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, 2014 through September 30, 2015. The arrearage levels for all customer categories GAP, LIHEAP and all natural gas residential decreased quite significantly. The decrease can be attributed to the mild weather and reduced consumption.

## E. Coordination with Other Low-Income and Conservation Resources

Because our Personal Accounts team interacts with hundreds of low-income 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:

- Dedicated internal low-income coordinator group to increase program awareness and participation;
- Updated information sheet on the Program mailed to customers;
- Quarterly participation in MN Energy Assistance Policy Action Committee;
- Annual Heat Share kickoff informational event for agency workers;
- Safety Net Meetings with Ramsey County - throughout 2015; and
- Annual mailings and outreach to eligible households for the Program.

## 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 2015.

## IV. RETENTION, SATISFACTION, AND COLLECTION ACTIVITY

### A. Retention

In 2015, a total of 3,575 participants were removed from the Program for various reasons, as summarized below. In order to compare 2015 Program retention to 2014, 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	
		2015	2014
Non-Payment	1889	53%	73%
Household Move	567	16%	20%
Ineligibility or Customer Request	1119	31%	7%
<u>Credit Balance</u>	<u>0</u>	<u>0%</u>	<u>0%</u>
Total	3575	100%	100%

As we would expect based on history, Non-Payment is the primary reason participants leave the Program. In 2015, we saw a twenty percent decrease in this category and an increase of twenty-four percent in removals based on ineligibility. The decrease of Non-Payment removals can be attributed to the combination of customers receiving the PowerOn affordability benefit along with the GAP credit. In years past, we had to limit the program participation until we had available funds on the electric side. The majority of the ineligible customers were due to not receiving energy assistance.

In late 2011, we discontinued the removal of customers with a credit balance exceeding \$500 until a better method could be created to handle customers with large credit balances. 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. Under the new 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 2015, we did not pursue the removal of any customer under this agreement.

## **B. 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 2015 Program year by Program participants.

## **C. 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.

## V. ADDITIONAL REQUIRED INFORMATION

Attachment C is a summary schedule as required by the September 25, 2013 Order in Docket No. G002/GR-06-1429.

Order Point 2 of the Commission's September 29, 2015 Order in Docket No. G002/M-15-314 requires each utility to include in its next annual compliance report an explanation of why it does not assess the GAP surcharge against Interruptible Sales and Transportation Customers, a proposal evaluating cost allocations methods for its GAP program, and the recalculated surcharge for various alternatives if Interruptible Sales and Transportation Customers were included. We provide a discussion to address this order point below.

The Company's currently approved allocation method assigns GAP costs to all firm service customers except for the Large Firm Transportation and Negotiated Transportation Service customers. The costs are allocated to these classes based on sales. The Company had initially proposed the same flat surcharge for all customers, including Interruptible Sales and Transportation customers, when this program was first proposed. However, when parties advocated for a volumetric surcharge, the Company recommended excluding those classes from the charge. Allocating program costs using the sales allocator results in unusually high bill impacts for transportation customers. Historically, the Company has set Transportation and Interruptible Sales rates to be equal, with the exception of a slightly higher Transportation customer charge, so that the Company remains indifferent if the customer wants to purchase their gas supply from another party. Interruptible Sales and Transportation customers have alternative fuel sources, and therefore are market sensitive customers. Imposing a volumetric surcharge on these customers creates an incentive to switch to their alternate fuel.

The Company would support the customer charge ratio allocation method as an alternative to the current method. In this method, fixed monthly surcharges are determined for all classes according to the ratio of corresponding customer charges as shown on Attachment D to this filing. This is the approach used to calculate the Company's Minnesota Electric Affordability Program surcharges. The Company supports this methodology as it provides moderate rate impacts for all customers while funding the program in a stable and predictable manner.

GAP costs could also be allocated to all customers based on sales. The Company does not support this alternative because large volume interruptible and interruptible transportation customers would pay significantly higher monthly charges under this alternative.

Attachment E to this filing recalculates the surcharges and average bill impacts by class for the alternatives discussed above.

### **CONCLUSION**

Xcel Energy requests the Commission to accept our Gas Affordability Program Annual Report for 2015.

Dated: March 31, 2016

Northern States Power Company

	Beginning of year life to date	2015												Current year to date	Current life to date balance
		January	February	March	April	May	June	July	August	September	October	November	December		
<b>Billed debit (credit):</b>															
UMC 2974 MNGVA:†Gas Affordability	#####	(432,880.58)	(361,874.55)	(425,781.99)	(208,698.73)	(106,986.12)	(73,729.00)	(53,355.96)	(46,079.94)	(49,466.51)	(71,226.16)	(121,164.25)	(266,545.70)	(2,217,789.49)	(18,932,729.25)
Manually journaled surcharge on handbilled accts*				(5,419.58)	(59.78)	(43.12)	(54.37)	(49.23)	(60.62)	(64.46)	(51.37)	(38.86)	(71.16)	(5,912.55)	(5,912.55)
<b>Disbursed debit (credit):</b>															
UMC 2818 Arrearage Forgiveness MNGas:†GAP Forgiveness	818,804.99	27,389.00	25,577.00	27,360.00	23,484.00	22,409.00	24,610.00	26,981.00	32,743.00	34,296.00	33,119.00	24,573.00	26,174.00	328,715.00	1,147,519.99
UMC 1354 Affordability Credits MNGVC:†GAP Affordability	13,762,923.86	230,211.38	210,345.00	225,716.00	217,604.00	190,968.00	197,995.00	188,601.00	250,883.00	253,663.00	249,761.00	223,033.58	223,713.58	2,662,494.54	16,425,418.40
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
Subtotal disbursements		257,600.38	235,922.00	253,076.00	241,088.00	213,377.00	222,605.00	215,582.00	283,626.00	287,959.00	282,880.00	247,606.58	249,887.58	2,991,209.54	17,587,436.39
<b>Administrative Program Costs debit (credit):</b>															
posted	659,859.38	5,361.37	14,182.55	8,287.03	44,983.51	6,868.24	11,509.85	18,513.25	9,945.20	11,933.39	44,363.81	7,369.28		183,317.48	843,176.86
not yet posted	-												8,051.07	8,051.07	8,051.07
<b>Monthly (over) under recovery</b>		(169,918.83)	(111,770.00)	(169,838.54)	77,313.00	113,216.00	160,331.48	180,690.06	247,430.64	250,361.42	255,966.28	133,772.75	(8,678.21)	958,876.05	(499,977.48)
<b>Cumulative (over) under recovery</b>	(1,458,853.53)	(1,628,772.36)	(1,740,542.36)	(1,910,380.90)	(1,833,067.90)	(1,719,851.90)	(1,559,520.42)	(1,378,830.36)	(1,131,399.72)	(881,038.30)	(625,072.02)	(491,299.27)	(499,977.48)		

\* The journal entry made in March 2015 to correct for the Red Wing generating plant surcharge oversight, discussed in our 2014 GAP Annual Report

**ANALYSIS OF LOWERING GAP SURCHARGE RATE**

	Actual												2015 Total
	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	
Usage (thm)	108,221,644	90,470,693	107,804,840	52,192,967	26,765,847	18,442,250	13,363,681	11,551,088	12,393,713	17,829,363	30,301,185	66,656,640	555,993,911
Revenue from GAP Surcharge with rate of \$0.00400/thm	\$432,881	\$361,875	\$431,202	\$208,759	\$107,029	\$73,783	\$53,405	\$46,141	\$49,531	\$71,278	\$121,203	\$266,617	\$2,223,702
Revenue from GAP Surcharge if the rate was \$0.00445/thm	\$481,586	\$402,595	\$479,732	\$232,259	\$119,108	\$82,068	\$59,468	\$51,402	\$55,152	\$79,341	\$134,840	\$296,622	\$2,474,173
Revenue reduction	\$48,706	\$40,720	\$48,530	\$23,500	\$12,079	\$8,285	\$6,063	\$5,262	\$5,621	\$8,063	\$13,637	\$30,005	\$250,471
	Actual			Forecast									2016 Total
	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	
Usage (thm)	93,123,323	98,079,649	98,284,311	56,072,766	32,068,980	18,540,307	11,802,792	12,204,255	12,347,346	21,481,186	42,140,395	79,848,482	575,993,792
Revenue from GAP Surcharge with rate of \$0.00400/thm	\$372,486	\$392,318	\$393,137	\$224,291	\$128,276	\$74,161	\$47,211	\$48,817	\$49,389	\$85,925	\$168,562	\$319,394	\$2,303,967
Revenue from GAP Surcharge if the rate was \$0.00445/thm	\$414,399	\$436,454	\$437,365	\$249,524	\$142,707	\$82,504	\$52,522	\$54,309	\$54,946	\$95,591	\$187,525	\$355,326	\$2,563,172
Revenue reduction	\$41,913	\$44,136	\$44,228	\$25,233	\$14,431	\$8,343	\$5,311	\$5,492	\$5,556	\$9,667	\$18,963	\$35,932	\$259,205



1) The average annual affordability benefit received per customer:	\$241
2) The average annual arrearage forgiveness benefit received per customer.	\$30
3) The percentage of LIHEAP customers that participated in GAP:	43%
4) Disconnection rates:	
a. GAP Participants	5%
b. Natural Gas LIHEAP recipients not enrolled in GAP	9%
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 12/31/2015:	7,131
6) Number of GAP participants enrolled and receiving benefits at some time during the program year:	11,041
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:	\$2,223,702
9) Actual program cost:	\$3,182,578
10) GAP tracker balance as of 12/31/2015:	\$499,977
11) GAP rate-affordability surcharge:	\$0.00400/therm

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

Northern States Power Company  
 Gas Affordability Program  
**Affordability Surcharge Determination**  
**Customer Charge Ratio Allocation Method**

Docket No. G002/M-16-\_\_\_\_  
 2015 Annual Report  
 Attachment D  
 Page 1 of 1

Class	Customers	Customer Percent	Customer Charge	Ratio	Affordability Surcharge		
					Surcharge	\$1000's	Retail %
						\$2,500	
Residential	413,101	92.222%	\$9.00	1.00	<b>\$0.38</b>	\$1,895.53	75.82%
Sm Commercial	25,872	5.776%	\$25.00	2.78	<b>\$1.06</b>	\$329.76	13.19%
Lg Commercial	8,399	1.875%	\$50.00	5.56	<b>\$2.12</b>	\$214.11	8.56%
Sm Demand-Billed	16	0.004%	\$150.00	16.67	<b>\$6.37</b>	\$1.22	0.05%
Lg Demand-Billed	118	0.026%	\$275.00	30.56	<b>\$11.68</b>	\$16.54	0.66%
Sm Volume Interruptible	308	0.069%	\$145.00	16.11	<b>\$6.16</b>	\$22.77	0.91%
Med Volume Interruptible	103	0.023%	\$300.00	33.33	<b>\$12.75</b>	\$15.75	0.63%
Lg Volume Interruptible	3	0.001%	\$450.00	50.00	<b>\$19.12</b>	\$0.69	0.03%
Lg Firm Transportation	7	0.002%	\$300.00	33.33	<b>\$12.75</b>	\$1.07	0.04%
Med Interruptible Transportation	11	0.002%	\$325.00	36.11	<b>\$13.81</b>	\$1.82	0.07%
Lg Interruptible Transportation	3	0.001%	\$475.00	52.78	<b>\$20.18</b>	\$0.73	0.03%
Retail	447,941	100%				\$2,500	100.0%

	Avg Annual Bill	Current Method				Alternative 1				Alternative 2				
		Firm Customers, Sales Allocation				All Customers, Cust Chg Allocation				All Customers, Sales Allocation				
		Avg Monthly Affordability Surchage	Avg Annual Affordability Surchage	Average % Increase	class specific rates	Avg Monthly Affordability Surchage	Avg Annual Affordability Surchage	Average % Increase		Avg Monthly Affordability Surchage	Avg Annual Affordability Surchage	Average % Increase		
<b>Residential</b>		0.00427/therm							0.00265/therm					
Customers	413,101													
Sales	356,503,340	821.05	\$1,521,903	\$0.31	\$3.68	0.45%	\$1,895,531	\$0.38	\$4.59	0.56%	\$945,117	\$0.19	\$2.29	0.28%
Revenue	\$339,177,956													
<b>Small Commercial</b>														
Customers	25,872													
Sales	73,048,220	2,453.12	\$311,841	\$1.00	\$12.05	0.49%	\$329,763	\$1.06	\$12.75	0.52%	\$193,656	\$0.62	\$7.49	0.31%
Revenue	\$63,467,121													
<b>Large Commercial</b>														
Customers	8,399													
Sales	128,391,990	12,221.31	\$548,102	\$5.44	\$65.26	0.53%	\$214,106	\$2.12	\$25.49	0.21%	\$340,377	\$3.38	\$40.53	0.33%
Revenue	\$102,646,789													
<b>Small Demand Billed</b>														
Customers	16													
Sales	1,181,440	56,124.63	\$5,044	\$26.27	\$315.22	0.56%	\$1,224	\$6.37	\$76.48	0.14%	\$3,132	\$16.31	\$195.76	0.35%
Revenue	\$897,994													
<b>Large Demand Billed</b>														
Customers	118													
Sales	26,495,900	161,771.35	\$113,110	\$79.88	\$958.56	0.59%	\$16,544	\$11.68	\$140.21	0.09%	\$70,243	\$49.61	\$595.28	0.37%
Revenue	\$19,089,019													
<b>Small Volume Interruptible</b>														
Customers	308													
Sales	25,444,550	55,073.21					\$22,769	\$6.16	\$73.93	0.13%	\$67,455	\$18.25	\$219.01	0.40%
Revenue	\$16,962,550													
<b>Medium Volume Interruptible</b>														
Customers	103													
Sales	59,838,640	348,951.62					\$15,754	\$12.75	\$152.95	0.04%	\$158,637	\$128.35	\$1,540.16	0.44%
Revenue	\$35,942,017													
<b>Large Volume Interruptible</b>														
Customers	3													
Sales	16,905,580	3,349,107.00					\$688	\$19.12	\$229.43	0.01%	\$44,818	\$1,244.94	\$14,939.31	0.45%
Revenue	\$10,047,321													
<b>Large Firm Transportation</b>														
Customers	7													
Sales	148,699,650	727,680.57					\$1,071	\$12.75	\$152.95	0.02%	\$394,214	\$4,693.02	\$56,316.24	7.74%
Revenue	\$5,093,764													
<b>Medium Interruptible Transportation</b>														
Customers	11													
Sales	40,860,990	180,389.73					\$1,823	\$13.81	\$165.70	0.09%	\$108,325	\$820.65	\$9,847.77	5.46%
Revenue	\$1,984,287													
<b>Large Interruptible Transportation</b>														
Customers	3													
Sales	65,643,950	396,150.67					\$727	\$20.18	\$242.17	0.06%	\$174,027	\$4,834.08	\$58,008.98	14.64%
Revenue	\$1,188,452													
<b>Total*</b>														
Customers	447,941													
Sales	943,014,250													
Revenue	\$596,497,270		\$2,500,000				\$2,500,000				\$2,500,000			

\* Example based on 2015 customer counts, weather-normalized sales, and current rates including base cost of gas.

**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/GR-06-1429**

**MISCELLANEOUS GAS SERVICE LIST**

Dated this 31<sup>st</sup> day of March 2016

/s/

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Jim Erickson

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_6-1429_1
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_6-1429_1
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	Yes	OFF_SL_6-1429_1
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_6-1429_1
Robert S.	Carney, Jr.			4232 Colfax Ave. S. Minneapolis, MN 55409	Paper Service	No	OFF_SL_6-1429_1
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service 1400	No	OFF_SL_6-1429_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_6-1429_1
Annete	Henkel	mui@mutilityinvestors.org	Minnesota Utility Investors	413 Wacouta Street #230 St. Paul, MN 55101	Electronic Service	No	OFF_SL_6-1429_1
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_6-1429_1
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_6-1429_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_6-1429_1
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_6-1429_1
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_6-1429_1
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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_6-1429_1
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_6-1429_1
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750  St. Paul, MN 55101	Electronic Service	No	OFF_SL_6-1429_1
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431	Electronic Service	No	OFF_SL_6-1429_1
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SaGonna	Thompson	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_6-1429_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Lisa	Veith	<a href="mailto:lisa.veith@ci.stpaul.mn.us">lisa.veith@ci.stpaul.mn.us</a>	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_6-1429_1
Daniel P	Wolf	<a href="mailto:dan.wolf@state.mn.us">dan.wolf@state.mn.us</a>	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_6-1429_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
Jeffrey A.	Daugherty	jeffrey.daugherty@centerpointenergy.com	CenterPoint Energy	800 LaSalle Ave  Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service 1400	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
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Todd J.	Guerrero	todd.guerrero@kutakrock.com	Kutak Rock LLP	Suite 1750 220 South Sixth Street Minneapolis, MN 554021425	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
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Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
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John	Lindell	agorud.ecf@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_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
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SaGonna	Thompson	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas
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_Northern States Power Company dba Xcel Energy-Gas_Xcel Misc Gas