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March 31, 2020

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 East Seventh Place, Suite 350  
St. Paul, MN 55101-2147

**RE: *Petition for Approval of Great Plains Natural Gas Co. Annual Gas Affordability Program Report and Updated GAP Surcharge, Docket No. G004/M-20-\_\_\_\_\_***

Dear Mr. Seuffert:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically files its Calendar Year 2019 Gas Affordability Program (GAP) Report in compliance with Minnesota Statute § 216B.16, Subd. 15, and to request an update its GAP funding level and surcharge for 2020.

Great Plains is proposing to increase its annual GAP funding level and surcharge to account for the increase in participation levels and to minimize program under and over recoveries.

If you have any questions regarding this filing, please contact me at (701) 222-7855, or Brian Meloy at (612) 335-1451.

Sincerely,

*/s/ Travis R. Jacobson*

Travis R. Jacobson  
Director of Regulatory Affairs

STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Valerie Means	Commissioner
John Tuma	Commissioner
Matt Schuerger	Commissioner

In the Matter of the Petition of Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., for Approval of the 2019 Gas Affordability Program Report and Updated GAP Surcharge	)	)	)	)	)	Docket No. G004/M-20-_____
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**SUMMARY OF FILING**

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., submits this Petition for approval of the 2019 Gas Affordability Program (GAP) Report in compliance with Minnesota Statute § 216B.16, Subd. 15 and Orders issued by the Minnesota Public Utilities Commissions in Docket Nos. G-004/M-07-1235, G-004/M-15-306, G-004/M-16-275, G-004/M-17-254, G-004/M-18-248 and G-004/M-19-247. Great Plains respectfully requests that the Commission accept its 2019 Gas Affordability Program Report as being in compliance with its directives, and approve the Company's request to increase its GAP funding to \$70,000 annually and increase the GAP surcharge to \$0.02295 per Dk.

STATE OF MINNESOTA  
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In the Matter of the Petition of Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., for Approval of the 2019 Gas Affordability Program Report and Updated GAP Surcharge )  
)  
) Docket No. G004/M-20-\_\_\_\_\_  
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**PETITION FOR APPROVAL OF GREAT PLAINS NATURAL GAS CO.’S GAS AFFORDABILITY PROGRAM REPORT FOR PROGRAM YEAR 2019**

**I. INTRODUCTION AND SUMMARY**

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., hereby submits this Petition to the Minnesota Public Utilities Commission (Commission) for approval of Great Plains’ Gas Affordability Program Report for calendar year 2019 pursuant to Minnesota Statute § 216B.16, Subd. 15 and Orders issued by the Commissions in Docket Nos. G-004/M-07-1235, G-004/M-15-306, G-004/M-16-275, G-004/M-17-254, G-004/M-18-248 and G-004/M-19-247, and approve the Company’s request to increase its GAP funding to \$70,000 annually and increase the GAP surcharge to \$0.02295 per Dk.

**II. BACKGROUND**

Great Plains’ Gas Affordability Program (GAP) was approved by the Commission in Docket No. G004/M-07-1235 by Order issued on May 12, 2008 and Order issued on September 29, 2015 in Docket No. G-004/M-15-306 extending GAP through program year 2016. In Docket No. G-004/M-16-275 the Commission ordered Great Plains to continue to

file a compliance report by March 31 of each year, and program evaluations periodically. On June 1, 2016 Great Plains filed its Gas Affordability Program Evaluation Report, Docket No. G-004/M-16-495. On July 27, 2016, the Commission issued its *Order Extending Expiration Date of Gas Affordability Programs* extending the termination date of Great Plains' GAP to June 30, 2017. On May 22, 2017, the Commission issued an Order in Docket No. G-004/M-16-495. In this Docket the Commission ordered Great Plains to start reporting its GAP performance based on one-hundred percent of the customers enrolled in both LIHEAP and GAP and one-hundred percent of the customers only enrolled in LIHEAP<sup>1</sup>. The Commission also approved Great Plains' request to reinstate a GAP surcharge at the Company's requested level of \$0.01393 per dekatherm effective with service rendered on June 1, 2017 in Docket No. G-004/M-16-495 finally in its May 22, 2017 Order. On June 20, 2018, Great Plains' 2017 GAP report was approved by the Commission in Docket No. G-004/M-18-248. On August 19, 2019, Great Plains' 2018 GAP report was approved by the Commission in Docket No. G-004/M-19-247. The \$0.01393 GAP surcharge was approved to continue at its current rate in the Commission's January 17, 2020 Order on Great Plains' Evaluation Report in Docket No. G-004/M-19-366. The Commission also determined that Great Plains' GAP programs should continue with no expiration date.

In Docket No. G-004/M-16-495 the Commission required Great Plains, Xcel Energy and CenterPoint Energy and the Department to participate in a stakeholder working group to discuss Gas Affordability Programs and whether changes should be made to the programs. Utilities, third party administrators and the Department convened to discuss and

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<sup>1</sup> Great Plains was previously reporting several GAP metrics based on a sample of customers enrolled in LIHEAP and/or GAP as applicable pursuant to the Commission's Order issued in Docket No. G-004/M-07-1235.

make recommendations regarding GAP. On May 22, 2018 the stakeholder report was filed with the Commission. The utilities did not suggest changes to the GAP, however proposed the use of a streamlined format for annual reporting using a form developed by the Department. On September 28, 2018 the Commission issued an Order accepting the Utilities Stakeholder report as filed and adopting the use of a streamlined reporting format for annual reports using the form developed by the Department.

Great Plains' GAP is available to those customers who (1) have been qualified and receive assistance from the Low-Income Home Energy Assistance Program (LIHEAP); (2) agree to be placed on a levelized payment plan; and (3) agree to a reasonable payment schedule. The GAP is designed to assist qualified low-income residential customers manage and pay their natural gas bills through the establishment of a new affordability bill credit and arrearage forgiveness in certain circumstances.

Great Plains' Affordability Component consists of a bill credit available to Qualified Customers to help offset the costs of natural gas service. The bill credit is equal to one-twelfth of the difference between Great Plains' estimate of the Qualified Customer's annual gas bill and 4 percent of the Qualified Customer's household income as provided by the Qualified Customer to Great Plains.<sup>2</sup>

The Arrearage Forgiveness Component of Great Plains' GAP consists of a monthly credit that is applied each month after receipt of the Qualified Customer's payment. The

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<sup>2</sup> Pursuant to the Commission's Order issued in G-004/M-10-322 on September 30, 2010, Great Plains was authorized to lower the income threshold to qualify for the Affordability Component to 4 percent. Effective with applications received for Program Year 2011, the 4 percent income threshold was utilized to determine if a customer qualifies for the Affordability Component.

credit is designed to retire arrears over a period of up to twenty-four months, with Great Plains matching the Qualifying Customer's contribution to retiring arrears.

Through Program Year 2010, Great Plains administered its own GAP, while working actively with community action partnership agencies. This required Great Plains to review current billing and consumption information, approved LIHEAP benefits and household income information submitted to Great Plains to determine a Qualified Customer's payment schedule amount.<sup>3</sup> Effective with Program Year 2011, Great Plains entered into an agreement with West Central MN Communities Action, Inc. (West Central) to serve as the third-party administrator of its GAP. The Commission approved West Central as the third-party administrator of Great Plains' GAP by Order dated March 30, 2011. In November 2014, Great Plains signed an agreement with The Salvation Army, Roseville, Minnesota to administer Great Plains' GAP. Great Plains advised the Commission of this change in its compliance filing submitted on January 16, 2015 in Docket No. G-004/M-07-1235.

### III. GENERAL FILING INFORMATION

Pursuant to Minn. Rules Part 7825.1300, Subpart 3, Great Plains provides the following general information:

Utility:	Great Plains Natural Gas Co. A Division of Montana-Dakota Utilities Co.
Company's Attorney:	Brian M. Meloy Stinson Leonard Street 50 South Sixth Street, Suite 2600 Minneapolis, MN 55402-1540 Telephone: 612-335-1451

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<sup>3</sup> A Qualified Customer's payment schedule includes both payment of the customer's current month's bill (which reflects one-twelfth the levelized payment plan), after inclusion of the affordability bill credit, and payment of a portion of the Qualified Customers pre-program arrears.

Date of Filing	March 31, 2020
Proposed Effective Date	May 29, 2020
Controlling Statute for Time in Processing the Filing	NA
Utility personnel authorizing the filing and to whom copies of correspondence, pleadings and notices should be sent	Travis R. Jacobson Director of Regulatory Affairs Great Plains Natural Gas Co. 400 North 4 <sup>th</sup> Street Bismarck, ND 58501

#### **IV. DESCRIPTION OF FILING**

##### **A. Petitioner**

Great Plains is a Minnesota public utility as defined in Minn. Stat. § 216B.02, Subd. 4 and operates as a Division of Montana-Dakota Utilities Co. Great Plains is engaged in business as a natural gas local distribution company serving 18 communities in Minnesota and one community in North Dakota. Great Plains currently provides natural gas utility service to approximately 22,137 Minnesota customers and 2,303 customers in North Dakota.

In compliance with the Commission's directives, Great Plains provides its Calendar Year 2019 Gas Affordability Program Report covering the period January 1, 2019 through

December 31, 2019. The streamlined reporting format approved in the Commission's September 28, 2018 Order Docket No. G-004/M-16-495 is provided as Attachment A.

**V. 2019 ANNUAL GAP REPORT**

Please see Attachment A for the following information for reporting years 2017-2019.

**1. Program Dates and Status (Lines 1-9)**

Great Plains' GAP is approved on a permanent basis and continues to be administered by The Salvation Army in Roseville, MN. Great Plains will be filing its next Evaluation Report for GAP by May 31, 2022.

**2. Participant Benefits (Lines 10-17)**

As noted previously, the maximum payment as a percentage of household income is set to 4% and the repayment period for the arrearage forgiveness program is set at twenty-four months. The average annual income per GAP participant was \$14,477 in 2019 and the average annual bill was \$735. The average arrearage balance per participant was \$178 and the average affordability benefit was \$216 and the average annual arrearage forgiveness benefit per customer was \$86 resulting in an average total benefit per participant of \$218.

The annual natural gas bill per participant increased 14% in 2019 to \$735 compared to \$642 annual bill in 2018. This was primarily driven by colder weather.

GAP customers' average annual affordability benefit, arrearage forgiveness and average total benefit increased in program year 2019 from the average benefit received in 2018 by 26%, 54% and 37% respectively.



### **3. Cost and Cost Recovery (Lines 18-23)**

Great Plains' annual budget for GAP was \$50,000 for program year 2019. Revenue collected from January through December 2019 for GAP funding at a rate of \$0.01393 per dekatherm was \$41,426.65. Great Plains dispersed \$71,057.05 for affordability and arrears credits and paid the third-party administrative fee of \$2,750. The tracker balance as of year-end 2019 is a negative \$5,006.65. The annual cost of the surcharge for an average residential customer who used 90 dekatherms of gas per year remained the same at \$1.25 in 2019 from that billed in 2018.

Great Plains is proposing two changes to its GAP funding for 2020: (1) increase the GAP annual budget from \$50,000 to \$70,000 to allow the Company to fully fund the GAP program's increasing participation and (2) increase its current surcharge from \$0.01393 to \$0.02295, an increase of \$0.00902 as more fully explained in §VI.

Attachment B shows the calculation of the proposed increase of GAP funding and the resulting proposed GAP surcharge of \$0.02295 per Dk. If the Commission approved the proposed surcharge rate, a residential customer's surcharge will increase from \$0.10 per month to \$0.16 per month and a firm general customer's surcharge will increase from \$0.53 per month to \$0.87 per month.

Attachment C is the proposed updates to Great Plains' Gas Affordability Program Tariff Sheet No. 5-121 and 5-122.

### **4. Participation (Lines 24-28)**

Factors contributing to the number of applicants not qualifying for GAP in 2019 include:

- 1) Either denied LIHEAP or LIHEAP application was never submitted by the customer.

2) Customers applying for program but not qualifying for an arrears forgiveness or affordability credit.

Qualifying applicants not eligible for the affordability credit or the arrearage forgiveness credit were offered the option to enter a levelized payment plan. In 2019, Great Plains continued the process of contacting customers that received LIHEAP benefits effective October 1, 2018 and were identified as being in arrears to encourage them to apply for GAP. Throughout the year, Great Plains also re-evaluated customers that had previously submitted a 2019 GAP application, however did not qualify for the arrears benefits at the time of application. Those customers were contacted and advised that they could qualify for the arrears credit and were eligible to enroll in the program.

In calendar year 2019, Great Plains received 503 GAP applications representing an increase of 23 percent from calendar year 2018, while LIHEAP applications submitted in 2019 for Great Plains' customers remained approximately the same as the number of LIHEAP applications received in 2018 (approximately 1 percent less). Of the 503 applications received, 322 customers were ultimately enrolled in GAP qualifying for an affordability credit and/or arrearage forgiveness credit. A significant change made when evaluating applications in GAP program years 2018 and 2019 was that all LIHEAP or other assistance funds were considered customer payments.

This change allowed:

- 1) More applicants to qualify for the program and not be removed from the program for not making each monthly payment or missing two monthly payments in a row because of the credit balance typically carried once the LIHEAP payment is applied.

2) It also qualified customers for the arrears forgiveness when previously the customers' LIHEAP funds may have paid their arrears balance owing at the time of application and therefore disqualifying customers from that portion of the program.

As shown on Attachment A, Line 24 the number of LIHEAP customers that participated in GAP in 2019 increased slightly from 18 percent in 2018 to 19 percent in 2019. Great Plains retained customers in GAP in 2019 at a percentage of 78%, compared to 71% in 2018. Great Plains did not have a waiting list to participant in GAP during program year 2019.

#### **5. Impact on Disconnect Rates (Lines 29-33)**

Customers participating in GAP in 2019 experienced a lower rate of disconnections compared to GAP participants in 2018 and 2017. This is notable because as previously stated, customers' annual average bills increased 14% from their annual bill in 2018 and 47% from their annual bill in 2017. As shown, residential customers enrolled in GAP have a much lower disconnection rate as compared to the LIHEAP customers not enrolled in GAP. The results in 2019 demonstrate that enrolling in GAP is beneficial to Great Plains' residential customers.

#### **6. Impact on Payment Frequency-Dollars Paid Divided by Dollars Requested (Lines 34-38).**

GAP participants paid a larger percentage of the dollars requested as compared to the Non-GAP/LIHEAP customer group. The Non-GAP/Non-LIHEAP Residential customers paid the greatest percentage of dollars requested. When evaluating the 2019 GAP participants dollars paid to dollars requested before they were enrolled in GAP shows a significant improvement when enrolled in GAP, similar to the results in 2018 GAP.

**7. Number of Payments Made Divided by the Number of Payments Requested (Lines 39-43).**

GAP participants made a higher percentage of the payments requested as compared to the Non-GAP/LIHEAP group. The Non-GAP, Non-LIHEAP Residential group made the highest percentage of payments requested of these three groups. Enrolling in GAP also shows that when customers are enrolled in the program they make a higher percentage of payments requested than those in LIHEAP but not participating in GAP.

**8. Impact on Arrears (Lines 44-48)**

The GAP participant group had a lower number of accounts with an arrears balance of 17 percent as compared to the Non-GAP LIHEAP group at 23 percent. While Non-GAP/Non-LIHEAP customers had the lowest percentage of accounts in arrears. When comparing the average debt amount of each group in arrears, GAP participants average arrears balance was \$177.76, Non-GAP LIHEAP group was \$151.80, and Non-GAP, Non-LIHEAP Residential customers average arrears balance owing was \$130.14. Fifty-eight percent of the 2019 GAP participants coming into the program had an arrears balance, compared with seventeen percent at year end.

**9. Dollar Amount of Arrears %Change (Lines 49-53)**

The Non-GAP/Non-LIHEAP customer and the GAP participants did experience an increase in the average dollar amount of arrears balance owing. Lines 52-53 show that GAP participants had an average arrears balance of \$258.70 prior to their enrollment in GAP and \$177.76 at the end of December 2019.

#### **10. Type and number of customer complaints (Lines 54-55)**

Great Plains did receive one customer complaint regarding the GAP program in 2019 where a customer did not fully understand that in order to qualify for GAP the customer needed to make the GAP payment each month. Additional information was provided however, the customer ultimately was removed from GAP because of two consecutive missed payments.

#### **11. Retention (Line 56)**

Great Plains retention rate for GAP participants in program year 2019 was 78%. This can be attributed to the program change made in 2018 and 2019 that considered LIHEAP payments as customer payments.

#### **12. Impact on collection activity (Lines 57)**

As demonstrated in prior program years and current program year, Great Plains customers that participate in GAP have a lower than average arrears balance owing and as lower rate of disconnections than Non-GAP LIHEAP customers, which have a positive impact on collection activity by reducing the need for such activities. Great Plains' consumer specialist works daily with Great Plains' credit representatives to identify Great Plains customers whose accounts are in a collection status, who qualified for LIHEAP in the current heating season and who currently are not enrolled in the current year's GAP. Great Plains reaches out to this group of customers to promote and educate customers to advise about the program and how to apply.

#### **13. Coordination with other programs (Line 58)**

Great Plains coordinates and communicates with all agencies providing bill payment assistance in its service territory. The goal is to provide all necessary materials and training

to agencies, so they are knowledgeable and willing to promote GAP to all Great Plains customers, resulting in more GAP participants. Great Plains has established a good working relationship with other agencies in Great Plains' service territory which was again evident as case workers for all assistance agencies did contact Great Plains to advise that they had discussed GAP with customers specifically those applying for crisis assistance as well as apply for heating assistance.

Great Plains' outreach efforts include: direct mailing to all customers that received heating assistance in previous heating season, posting of application on Great Plains' and third-party administrator's websites, and billing inserts to customers advising of GAP. Inserts are included with monthly bills throughout the winter season, providing information regarding where to apply and contact information for questions. Information and applications forms were also provided to all energy assistance agencies in Great Plains' service territory and Great Plains has adopted the practice to discuss GAP with customers that apply for the Cold Weather Rule protection.

## **VI. Overall Evaluation**

In Docket No. G-004/M-16-495, Great Plains requested and received approval to reinstate the surcharge of 0.01393 per dekatherm collected from all firm customers effective with service rendered June 1, 2017 to fund GAP. Great Plains re-evaluated this surcharge in its Evaluation Report filed in Docket No. G-004/M-19-366 and requested that the surcharge remain at 0.01393 per dekatherm due to the GAP tracker balance at the end of the 2018 program year. The Commission approved continuing the surcharge to stay at the same level in its Order issued on January 17, 2020 in Docket No. G-004/M-19-366.

In the Company's most recent evaluation report, the Company estimated a participation rate of 15 percent, resulting in approximately 228 customers estimated to participate in the Company's GAP program. In 2019, actual GAP participation exceeded the Company's estimate by almost 100 participants. As noted previously in the 2018 GAP report and in this 2019 annual GAP report, the Company experienced increase participation due to changes in its GAP program in 2018 to recognize LIHEAP and other assistance funds as customer payments. The Company is again increasing its participation rate to 21 percent in an effort to provide an estimated participation level that aligns with the Company's most recent GAP year. The participation level of 21 percent is also more in alignment with what other gas utilities are using to estimate their GAP participants. This change in participation results in an increase in the Company's GAP budget of \$20,000 for a total proposed GAP budget of \$70,000.

Great Plains is now requesting an increase to the surcharge from \$0.01393 to \$0.02295, an increase of \$0.00902, which will allow the annual budget to increase from \$50,000 to \$70,000 to fully fund GAP's increasing participation. As expected, the changes made to Great Plains 2018 and 2019 GAP program contributed to the increase in qualified participants from 238 in 2018 to 322 participants in 2019.

## **VII. The Proposal**

Great Plains respectfully requests that the Commission accept its 2019 Calendar Year Gas Affordability Program Report and approve the Company's request to increase the surcharge from \$0.01393 to \$0.02295, an increase of \$0.00902, increasing the annual budget from \$50,000 to \$70,000.

**Dated: March 31, 2020**

**Respectfully Submitted,**

*/s/ Travis R. Jacobson*

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Travis R. Jacobson  
Director of Regulatory Affairs  
Great Plains Natural Gas Co.  
a Division of Montana-Dakota Utilities Co.  
400 N. 4<sup>th</sup> Street  
Bismarck, ND 58501



**GREAT PLAINS NATURAL GAS CO.  
GAS AFFORDABILITY REPORTING 2019**

Information as required and approved in September 28, 2018 Order-Docket No. G-004/M-16-495

Section	Lines			
<b>1</b>	<b>Program Dates and Status:</b>		2017	2018
	1	Date program started	1/1/2017	1/1/2018
	2	Program effective date	1/1/2017	1/1/2018
	3	Date next evaluation report due	5/31/2019	5/31/2019
	4	Date last evaluation completed	6/1/2016	6/1/2016
	5	Last evaluation docket number	G-004/M-16-495	G-004/M-16-495
	6	Status of program (pilot or permanent)	Pilot	Permanent
	7	Date pilot program ends, if applicable	5/22/2017	N/A
	8	Date of last Evaluation Order	5/22/2017	5/22/2017
	9	Program administrator	The Salvation Army	The Salvation Army
<b>2</b>	<b>Participant benefits</b>		2017	2018
	10	Description of affordability benefit - maximum payment as % of household income	4%	4%
	11	Description of arrearage forgiveness benefit - repayment period	Up to 24 Months	Up to 24 Months
	12	Average annual income per participant	\$14,599	\$13,900
	13	Average annual bill per participant	\$500	\$642
	14	Average arrearage balance per participant	\$103	\$138
	15	Average annual affordability benefit per participant	\$111	\$171
	16	Average annual arrearage forgiveness benefit per customer	\$32	\$56
	17	Average total benefit per participant	\$93	\$159
<b>3</b>	<b>Cost and Cost Recovery</b>		2017	2018
	18	Annual budget	\$50,000.00	\$50,000.00
	19	Actual revenue 2019 see explanation at page 7 of report.	\$10,353.77	\$50,998.33
	20	Annual cost	\$8,027.23	\$40,528.85
	21	Surcharge (\$/decatherm)	\$0.01393	\$0.01393
	22	Annual cost of surcharge for average residential customer who uses 900 therms (90 decatherms) of gas per year. Surcharge effective 1/17/2020.	\$0.73	\$1.25
	23	Tracker balance as of year-end.	\$16,904.27	\$27,373.75
<b>4</b>	<b>Participation</b>		2017	2018
	24	% of LIHEAP customers that participated in GAP	4%	18%
	25	Number of participants enrolled as of year-end	37	170
	26	Number of participants enrolled and receiving benefits at some time during the year	57	238
	27	Whether a waiting list occurred at any time during the year	No	No
	28	If so, the number of customers on the waiting list and for how long	N/A	N/A

(\$5,006.65)

**GREAT PLAINS NATURAL GAS CO.  
GAS AFFORDABILITY REPORTING 2019**

Information as required and approved in September 28, 2018 Order-Docket No. G-004/M-16-495

Section	Lines	2017	2018	2019
5	<b>Impact on disconnect rates</b>			
	<b>Disconnection rates - non GAP LIHEAP baseline</b>			
	29 GAP participants	5%	4%	2%
	30 Non-GAP LIHEAP customers	12%	14%	14%
	31 Non-LIHEAP residential customers	3%	4%	3%
	<b>Disconnection rates - pre-program baseline</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	32 GAP participant cohort	5%	4%	2%
33 GAP participants cohort before they were enrolled in GAP	0%	1%	2%	
6	<b>Impact on payment frequency</b>			
	<b>Dollars paid ÷ by dollars requested</b>			
	<b>Non-GAP LIHEAP Baseline</b>			
	34 GAP participants	Not Available 1/	56%	64%
	35 Non-GAP LIHEAP customers	Not Available 1/	30%	26%
	36 Non-LIHEAP residential customers	Not Available 1/	94%	100%
	<b>Pre-Program Baseline</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
37 GAP participants cohort	Not Available 1/	56%	64%	
38 GAP participant cohort before they were enrolled in GAP	Not Available 1/	40%	32%	
7	<b>Number of payment made ÷ number of payments requested</b>			
	<b>Non-GAP LIHEAP baseline</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	39 GAP participants	76%	52%	56%
	40 Non-GAP LIHEAP customers	44%	43%	33%
	41 Non-LIHEAP residential customers	Not Available 1/	86%	79%
	<b>Pre-Program Baseline</b>			
	42 GAP participants cohort	76%	52%	56%
43 GAP participant cohort before they were enrolled in GAP	43%	41%	42%	
8	<b>Impact on arrears</b>			
	<b>% Customers in arrears</b>			
	<b>Non-GAP baseline</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	44 GAP participants	26%	20%	17%
	45 Non-GAP LIHEAP customers	22%	23%	23%
	46 Non-LIHEAP residential customers	14%	15%	11%
	<b>Pre-Program baseline</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
47 GAP participant cohort	26%	20%	17%	
48 GAP participant cohort before they were enrolled in GAP	30%	48%	58%	

**GREAT PLAINS NATURAL GAS CO.  
GAS AFFORDABILITY REPORTING 2019**

Information as required and approved in September 28, 2018 Order-Docket No. G-004/M-16-495

Section	Lines			
<b>9</b>	Dollar amount of arrears			
	%Change in dollar amount of arrears (non-GAP LIHEAP baseline)	2017	2018	2019
	49 GAP participants	-23%	35%	6%
	50 Non-GAP LIHEAP customers	-12%	155%	-50%
	51 Non-LIHEAP residential customers	18%	34%	28%
<b>10</b>	Dollar amount of arrears (pre-program baseline)	2017	2018	2019
	52 GAP participants cohort	\$102.58	\$138.37	\$177.76
	53 GAP participant cohort before they were enrolled in GAP	\$310.00	\$212.77	\$258.70
<b>11</b>	Complaints	2017	2018	2019
	54 Number of complaints	0	0	1
<b>12</b>	55 Nature of complaints	N/A	N/A	Monthly Payments
	Retention	2017	2018	2019
<b>13</b>	56 GAP participant retention rate	65%	71%	78%
	Impact on collection activity	2017	2018	2019
<b>13</b>	57 Brief description of effect of GAP on collection activity	Reduced collections by increasing pymts	Reduced collections by increasing pymts	Reduced collections by increasing pymts
	Coordination with other programs	2017	2018	2019
<b>58</b>	Page(s) of report where coordination efforts described	Report filed on April 2, 2018, Attachment A, page 10	Report filed on March 29, 2019, Attachment A, page 11.	Report filed on March 31, 2020, Page 11.

1/ Fields identified above as not available in years 2017. Analysis in prior reporting was not completed for the complete groups, and the data was based on a sample size in these years. The 2018-2019 data is based on the total customers in each group GAP, Non-GAP/LIHEAP, and Non-GAP/Non-LIHEAP.

**Great Plains Natural Gas Co.  
Gas Utility - Minnesota  
Gas Affordability Plan (GAP)  
Proposed GAP Funding Rate per Dk**

LIEAP Qualified Customers (Avg 2017-2019)	1,536
Assumed Participation Percentage	21%
Estimated Participants	323
 Estimated Benefit per Participant 1/	 \$200
 Annual GAP Benefits	 \$64,600
Administrative Costs @ 5%	3,230
Total GAP Budget	<u>67,830</u>
 Budget as Rounded	 70,000
 Estimated Firm Sales 2020 (in Dk) 2/	 3,050,734
 <b>GAP Rate Adjustment per Dk</b>	 <b>\$0.02295</b>
 Current GAP Rate Adjustment per Dk	 \$0.01393
Change in GAP Rate	\$0.00902

1/ Estimated Benefit per Participant

	<u>2019</u>	<u>2018</u>	<u>Average</u>
Total Program Cost per Year	\$73,807	\$40,529	
Participants per Year	322	238	280
Cost per Participant	\$229	\$170	\$200

2/ Projected 2020/21 Firm Sales 3/

Residential	1,461,319
Firm General	<u>1,589,415</u>
Total Projected 2020 Firm Sales	<u><u>3,050,734</u></u>

3/ For the time period May 1, 2020 through April 30, 2021.

	<u>Residential</u>	<u>Firm General</u>
Avg Use per Customer	86	457
 Average Annual GAP Cost - Proposed	 \$1.96	 \$10.48
Average Monthly GAP Cost - Proposed	\$0.16	\$0.87
 Customers	 18,723	 3,005
 Average Annual GAP Cost - Current	 \$1.19	 \$6.36
Average Monthly GAP Cost - Current	\$0.10	\$0.53
 Annual Increase per Customer - Average	 \$0.77	 \$4.12
Monthly Increase per Customer - Average	\$0.06	\$0.34

**Attachment C**

# **Attachment C**



# GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

## State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5  
1<sup>st</sup> Revised Sheet No. 5-121  
Canceling Original Sheet No. 5-121

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### GAS AFFORDABILITY PROGRAM

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with the Company matching the Qualifying Customer's contribution to retiring pre-program arrears. The credit is determined by taking the pre-program arrears divided by the number of months to retire the arrears divided by two and then subtracting any energy assistance sums received by the Company on behalf of the customer divided by the number of months remaining to retire the arrears divided by two. This arrearage forgiveness credit is a GAP cost that will be included in the Tracker.

#### Conditions of Service:

Enrollment participation is limited to a first come first served basis until the estimated GAP dollar cap is reached.

Before the start of an enrollment period, Great Plains will mail information on the GAP and an application to participate in the GAP to targeted current LIHEAP customers in arrears. The application for participation must be completed in full and returned to Great Plains before the close of the enrollment period.

Regardless of arrears balances, Great Plains agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.

Qualified Customers must maintain an active Great Plains account in said customer's name at their permanent primary residence only to be eligible for the GAP.

Qualified Customers agree to notify Great Plains of any changes in address, income level, or household size. Such changes may result in removal from the GAP. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the GAP.

If a Qualified Customer fails to pay two consecutive monthly payments in full under the GAP, they will be terminated from the GAP and will be subject to Great Plains' regular collection practices including the possibility of disconnection.

#### Funding:

Total GAP costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred by Great Plains shall not exceed \$70,000 per year. Great Plains shall limit

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Director-Regulatory Affairs

**Docket No.:**



# GREAT PLAINS NATURAL GAS CO.

*A Division of Montana-Dakota Utilities Co.*

## State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

4<sup>th</sup> Revised Sheet No. 5-122

Cancelling 3<sup>rd</sup> Revised Sheet No. 5-122

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### **GAS AFFORDABILITY PROGRAM**

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administrative costs included in the tracker (except start-up related costs) included in the tracker to 5% of total GAP costs. Administrative costs will include, but are not limited to, the costs to inform customers of the GAP and costs to process and implement enrollments.

Great Plains shall recover the GAP costs in a separate Delivery Charge applicable to all customers receiving firm service under Residential Gas Service and Firm General Service Rate Schedules at a rate of \$0.02295 per dk.

A tracking mechanism (“Tracker”) will be established to provide for recovery of all actual GAP costs as compared to the recovery of GAP costs through rates. Great Plains will track and defer GAP costs with regulatory approval. Carrying charges at a rate equal to the authorized rate of return of 7.032% established in Docket No. G004/GR-15-879 shall be applied to the balance and recovered. The prudence of the GAP costs are subject to a regulatory review. Great Plains may petition the Commission to adjust this rate in order to true up the GAP balance in the Tracker in its next general rate case.

#### **Evaluation:**

The GAP shall be evaluated for the years 2019 through 2021 with an evaluation filed with the Commission by May 31, 2022.

Annual reports to be submitted by March 31 of each year will include the effect of the GAP on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the GAP.

The financial evaluation will include a GAP cost-effectiveness analysis from a ratepayer perspective comparing the 1) total GAP costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the GAP on write-offs, service disconnections and reconnections and collections activities.

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## Tariffs Reflecting Proposed Changes





# GREAT PLAINS NATURAL GAS CO.

A Division of MDU Resources Group, Inc.

## State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

~~Original~~ <sup>1st Revised</sup> Sheet No. 5-121

~~Canceling Original Sheet No. 5-121~~

### **GAS AFFORDABILITY PROGRAM**

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If a Qualified Customer fails to pay two consecutive monthly payments in full under the GAP, they will be terminated from the GAP and will be subject to Great Plains’ regular collection practices including the possibility of disconnection.

#### **Funding:**

Total GAP costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred by Great Plains shall not exceed ~~\$50,000~~ 70,000 per year. Great Plains shall limit

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Director-Regulatory Affairs



# GREAT PLAINS NATURAL GAS CO.

A Division of Montana-Dakota Utilities Co.

## State of Minnesota Gas Rate Schedule – MNPUC Volume 2

Section No. 5

~~3<sup>rd</sup>~~ 4<sup>th</sup> Revised Sheet No. 5-122

Cancelling ~~2<sup>nd</sup>~~ 3<sup>rd</sup> Revised Sheet No. 5-122

### **GAS AFFORDABILITY PROGRAM**

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Great Plains shall recover the GAP costs in a separate Delivery Charge applicable to all customers receiving firm service under Residential Gas Service and Firm General Service Rate Schedules at a rate of \$~~0.01393~~ 0.02295 per dk.

A tracking mechanism (“Tracker”) will be established to provide for recovery of all actual GAP costs as compared to the recovery of GAP costs through rates. Great Plains will track and defer GAP costs with regulatory approval. Carrying charges at a rate equal to the authorized rate of return of 7.032% established in Docket No. G004/GR-15-879 shall be applied to the balance and recovered. The prudence of the GAP costs are subject to a regulatory review. Great Plains may petition the Commission to adjust this rate in order to true up the GAP balance in the Tracker in its next general rate case.

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The financial evaluation will include a GAP cost-effectiveness analysis from a ratepayer perspective comparing the 1) total GAP costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the GAP on write-offs, service disconnections and reconnections and collections activities.

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