202 S. Main Street
Le Sueur, MN 56058
Toll Free: (888) 931-3411
Fax (507) 665-2588
www.greatermngas.com

May 1, 2015

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Gas Affordability Program Annual Report for 2014
Docket No. G022/M-15-315

Dear Mr. Wolf:

Attached hereto, please find Greater Minnesota Gas, Inc.'s Reply Comments for filing in the above-referenced docket.

All individuals identified on the attached service list have been electronically served with the same.

Thank you for your assistance. Please do not hesitate to contact me should you have any questions or concerns or if you require additional information. My direct dial number is (507) 665-8657 and my email address is kanderson@greatermngas.com.

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/
Kristine A. Anderson
Corporate Attorney

Enclosure

cc: Service List

CERTIFICATE OF SERVICE

I, Kristine Anderson, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated on the attached list by electronic filing, electronic mail, or by depositing the same enveloped with postage paid in the United States Mail at Le Sueur, Minnesota:

Greater Minnesota Gas, Inc.'s Reply Comments
Docket No. G022/M-15-315

filed this 1st day of May, 2015.

/s/ Kristine A. Anderson
Kristine A. Anderson, Esq.
Corporate Attorney
Greater Minnesota Gas, Inc.

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	Yes	OFF_SL_15-315_M-15-315
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_15-315_M-15-315
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_15-315_M-15-315
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_15-315_M-15-315
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_15-315_M-15-315
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_15-315_M-15-315
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_15-315_M-15-315
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_15-315_M-15-315

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

MPUC Docket No. G022/M-15-315

In the Matter of Greater Minnesota Gas, Inc.'s 2014 Annual Gas Affordability Program Report for 2014

REPLY COMMENTS

OVERVIEW

Greater Minnesota Gas, Inc. ("GMG") submitted its Annual Gas Affordability Program Report for 2014 to the Minnesota Public Utilities Commission ("Commission") on March 31, 2015. On April 30, 2015, the Minnesota Department of Commerce, Division of Energy Resources ("Department"), filed Comments of the Minnesota Department of Commerce Division of Energy Resources ("Comments") in response to GMG's Report and the similar reports of other regulated natural gas utilities. This submission constitutes GMG's Reply to the Department's Comments.

ISSUE SUMMARY

In its Comments, the Department discussed the reports and requested additional information from GMG. The Department also stated that it has outstanding Information Requests ("IRs") awaiting responses from GMG. While GMG appreciates that the Department is tasked with analyzing the reports of all of the utilities, GMG respectfully submits that there are no outstanding IRs and that it has provided all of the information required of it pursuant to GMG's modified reporting requirements. GMG's Reply addresses the following issues in turn:

- Status of IRs.
- Additional information requested by the Department.

DISCUSSION IN REPLY

GMG maintains that it has provided all necessary, available, and appropriate information to the Commission and the Department. GMG recognizes that its report does not contain all of the information supplied in the reports of the other utilities; however, GMG's report did include every component that it is required to submit. GMG respectfully requests that it be excused from providing further information pursuant to the Department's Comments in light of the modified reporting requirements for GMG.

1. GMG Submitted Timely Responses to the Department's IRs.

GMG received IRs from the Department dated April 20, 2015 with responses due on April 30, 2015. GMG submitted its IR Responses to the Department on April 29, 2015. Nonetheless, the Department's April 30th Comments state that, ". . . the Department has outstanding information requests (IRs) requesting information required by the Commission's September 25, 2013 Order." The Department went on to request that GMG provide responses to the IRs along with additional information required by the Commission's December 29, 2011 Order in this Reply. Although the Comments do not specifically identify the alleged outstanding IRs, GMG presumes—based on the content of the referenced September 25, 2013 Order,[1] that the Department is referring to its IR No. 1, parts d, e, and g, all of which are incorporated into GMG's IR Response No. 1, attached hereto as Exhibit A.

GMG respectfully disputes the allegation that it has outstanding IRs. GMG provided timely answers to the Department's IRs to the best of its ability. The information requested by the Department in IR No. 1 asked for information that GMG is not required to track. Despite that, GMG provided the information that was available to it. Apparently, the Department was dissatisfied with GMG's responses; however, the IRs had been answered and were not still outstanding at the time that the Department issued its Comments.

2. GMG Cannot Provide the Additional Information Requested by the Department Without Unreasonable and Undue Burden to the Company; and, the Additional Information Would Not Be Statistically Significant.

Presumably, the information that the Department still seeks from its IRs is related to the three parts of IR No. 1 to which GMG responded that the information is not tracked. Although the Department's Attachment A includes blank spaces regarding three additional statistics, that information was provided in GMG's Response to the IR. With regard to the Department's suggestion that GMG provide the information required by the December 29, 2011 Order, GMG respectfully submits that first, any requirements contained in that Order were superseded by the Commission's subsequent recognition that modified GAP requirements are appropriate for GMG; and, second, that the Order was primarily directive with regard to the nature of administering the GAP programs and did not specify information to be included in each Annual Report.

As the Commission likely recalls, it analyzed the GAP reporting requirements with regard to GMG at its September 27, 2012 Agenda Meeting. The Commission determined that the standard

[1] . GMG notes that the September 25, 2013 Order was issued in five separate dockets after being jointly considered; and, as a result of the GAP requirement modification made for GMG, none of the five dockets containing the Order were GMG dockets.

GAP reporting requirements were unduly burdensome to GMG and did not result in meaningful information for analyzing the GAP program as a whole due to GMG's small size. As GMG President Greg Palmer explained to the Commission during the meeting, the cost of administering and tracking the program was well over twice the amount of the benefit actually provided to GMG's participating customers. He also noted that, given the small number of GMG's customers that participated in its GAP program, incorporating GMG's data into the combined utilities' GAP data was statistically insignificant and did not contribute meaningful data to evaluate the effectiveness of GAP programs generally. Finally, he explained that examining GMG's GAP numbers in isolation still did not provide statistically reliable results because a change of one person's participation has a huge impact on overall percentages for the program due to the small number of program participants; and, the information does not form a realistic basis to make an informed decision about the program.

Commissioners Wergin and Reha both observed that the standard reporting requirements resulted in an unduly high administrative burden and cost in light of GMG's small size and limited customer GAP participation. Commissioner O'Brien surmised that, "…what the Company is saying makes eminent sense and we have a responsibility for oversight but we are exalting form over substance to insist on gathering expensive statistical data that doesn't have any real world consequence." He continued, surmising that, "There are other ways to ensure compliance without expensive and unnecessary statistical data;" and, "You don't always have to go to gathering data to ensure compliance. Taking that [administrative] burden [away] from the Company would be a sensible, common sense approach in my view; and, I would prefer that we deal in the real world rather than the world of theory."

Likewise, Chair Heydinger echoed Commissioner O'Brien, saying, "I share Commissioner O'Brien's concern that we don't require reports that are meaningless." Each Commissioner agreed that some form of reporting was necessary to confirm that GMG is continuing to meet its statutory program obligations, with which GMG concurred; but, as Chair Heydinger phrased it, "Perhaps there is more being required of this small company than makes sense." Accordingly, Chair Heydinger directed GMG to work with staff to determine whether there was a less onerous and rigorous reporting scheme that, "would be adequate so they aren't completing a lot of statistical analysis with meaningless results."

Accordingly, GMG representatives met with Commission and Department staff members Robert Harding, Susan Medhaug, and Bryan Minder on November 15, 2012, followed by a conference call on November 29, 2012. Modified reporting requirements for GMG were created as a result of those meetings consistent with the Commission's direction. As a result, GMG was directed to track and report the following information in its annual GAP reports:

- Total number of customers that received a LIHEAP grant during the previous year.
- Total number of customers that participated in GAP during the previous year.
- Total number of customers removed from GAP during the course of the year
- Total dollars billed to customers in GAP by GMG during the year.
- Total dollars paid by LIHEAP on behalf of customers in GAP during the year
- Total dollars paid by customers in GAP during the year

- Total dollars in credits issued to customers in GAP as a result of the Affordability Component and the Arrearage Forgiveness Component during the year.

GMG's 2014 Report provided the requisite information. Despite the fact that GMG was advised that it did not need to track the standard reporting information data, the Department requested precisely that information in its IR No. 1. To the extent that GMG was able to provide the information, it did so. However, GMG also noted that providing the disconnection rate information would be unduly burdensome, as it would require extensive manual comparison by GMG's limited administrative staff. GMG also advised that, as it does not apply a GAP rate-affordability surcharge, it does not have any GAP revenue; that is does not have a GAP line-item in its budget; and that it does not have a means to track its GAP program costs beyond the total credit amount. GMG also provided the total amount of credits it has provided since the program's inception for tracking purposes.

The same analysis that the Commission applied in 2012 applies in this docket, as well. GMG's total GAP participation is very small. The administrative costs to track all of the data are substantial and continue to outweigh the financial benefit provided to participating customers. Moreover, any attempt to retroactively ascertain information would place an even higher administrative burden on GMG. Importantly, GMG's program numbers are comparatively so small that they would not have any discernable impact on an overall program assessment. Hence, even if GMG was required to reverse-engineer the data accumulation for 2014, it would still result in precisely the type of meaningless information that Chair Heydinger and Commissioners Wergin and O'Brien tried to prevent. Ergo, GMG respectfully requests that it be excused from providing additional information as requested in the Comments.

GMG acknowledges that, as its GAP changes and, hopefully, grows, returning to standardized reporting requirements might make sense and be statistically significant. As GMG explained to the Department in its Response to IR No. 2 regarding the status of any changes under consideration for its GAP,

> GMG is undergoing analysis to restructure its program. GMG has reviewed the GAP programs of other natural gas providers for comparative purposes and is currently in the process of assessing the impact on GMG's ratepayers and on the Company of providing a similar program or another program different from what it currently provides. GMG is considering GAP budget options in light of its substantial customer growth since its GAP was formulated. GMG is in ongoing discussions regarding third-party administration of its GAP program; and, preliminary indications suggest that is the likely course for its program; however, program modifications need to be determined prior to a third-party administrator taking over. Suggested program modifications will be made with input from the third-party administrator. In addition, GMG has changed and is continuing to evaluate ways to increase its outreach to low-income customers which, in turn, GMG hopes will increase both LIHEAP participation and GAP participation by its

> eligible customers. In fact, GMG's GAP participation for 2015 has approximately tripled. GMG anticipates submitting its proposed GAP modifications for review and approval within the next 60 to 90 days.

GMG submits that, to the extent that proposed changes in its program warrant changes in its reporting requirements, they can be addressed either in tandem at the time of inception of the new program or, perhaps more appropriately, following the first annual report filed after GMG's GAP is modified, at which time all concerned will be able to analyze whether growth in the program warrants the increased administrative burdens associated with reporting.

REQUEST FOR COMMISSION ACTION

GMG respectfully requests that the Commission accept is Annual Gas Affordability Program Report for 2014 as submitted; and, that it excuse GMG from providing further information in light of the modified tracking and reporting requirements applicable to GMG.

Dated: May 1, 2015

Respectfully submitted,

/s/

Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
202 S. Main Street
Le Sueur, MN 56068
Phone: 888-931-3411