

November 18, 2019

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G011/M-19-369

Dear Mr. Wolf:

On May 31, 2019, Minnesota Energy Resources Corporation (MERC or the Company) filed its Gas Affordability Program (GAP or Program) Evaluation Report (Evaluation Report). MERC requested that the Minnesota Public Utilities Commission (Commission) accept the evaluation report.

On October 14, 2019, the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted comments requesting that MERC provide in reply comments data showing the number of payments by GAP Participants and Low-Income Home Energy Assistance Program (LIHEAP) non-GAP participants compared to the number of payments requested. The Department withheld its final recommendation pending review of this additional information.

On November 1, 2019, MERC filed reply comments providing data on the number of payments requested and received for each customer group, as well as for GAP participants prior to and after enrolling in the program. All GAP participants had a higher percentage of bills paid than non-GAP LIHEAP customers, although MERC indicated that more bills were paid than received, which is curious. Additionally, as Table 1 below shows, the data indicates that GAP participants increased the percentage of bills paid after being enrolled in the program.

Table 1: Percentage of Bills Paid by GAP Participants

	2017 Percent of Bills Paid	2018 Percent of Bills Paid
GAP Participants prior to being enrolled	69%	96%
GAP Participants after entering program	73%	101%

The Department reviewed MERC's response and concludes that the Company has demonstrated that its GAP satisfies the criteria set forth in Minn. Stat. § 216B.16, subd. 15(b)(2). Combining this conclusion with the conclusions and recommendations contained in the Department's October 14, 2019 comments the Department concludes that:

- The Program satisfies all of the requirements in Minn. Stat. § 216B.16, subd. 15.
- The Program costs firm customers on average \$410,730 annually net of savings; for all customers as a whole, including GAP participants, the Program provides an average net benefit of \$259,069 annually.
- For participants living on the poverty line, the Program, on average, increased their effective income by 2.4 percent in 2018. As such, the Department would expect that the costs to ratepayers are additionally offset by moderate societal benefits arising from the increased effective income of the Program's approximately 1,586 participants.

As such the Department recommends that the Commission accept MERC's Evaluation Report.

The Department requests that MERC continue to track and provide in future evaluation reports, the number of payments made by, and the number of payments requested of:

- GAP participants
- Non-GAP LIHEAP customers
- Non-LIHEAP customers
- GAP participant cohort
- GAP participant cohort before enrollment in GAP

The Department recommends that the Commission require MERC to provide data to allow evaluation of the Company's GAP using the pre-program baseline method for future GAP Evaluations to better measure GAP effectiveness and so as to standardize the required data for each utility with a GAP.

Consistent with other gas utilities' GAPs, the Department recommends that the Commission require MERC to continue its GAP program with no expiration date, and require the Company to submit an evaluation report every 3 years, beginning May 31, 2022 covering Program years 2019-2021.

Finally, the Department recommends that MERC provide a compliance filing showing any changes to its GAP tariff needed to reflect the Commission's decisions in this matter.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rate Analyst

MNZ/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Response Comments**

Docket No. G011/M-19-369

Dated this **18th** day of **November 2019**

/s/Sharon Ferguson

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