MINNESOTA
PUBLIC UTILITIES COMMISSION

Staff Briefing Papers

Meeting Date	August 27, 2020	Agenda Item ** 5
Company	All Commission Regulated Natural Gas Utilities	
Docket No.	**G-004/M-20-395** In the Matter of the Application of Great Plains Natural Gas, for Approval of its 2019 Gas Affordability Service Program Report **G-011/M-20-397** In the Matter of the Application of Minnesota Energy Resources Corporation for Approval of its Gas Affordability Program 2019 Annual Report **G-002/M-20-398** In the Matter of the Application of Northern States Power Company, a Minnesota Corporation, for Approval of its 2019 Annual Gas Affordability Program Report **G-008/M-20-399** In the Matter of the Application of CenterPoint Energy Resources Corp. for Approval of its 2019 Gas Affordability Program Report **G-022/M-20-400** In the Matter of the Application of Greater Minnesota Gas, Inc. for Approval of its Gas Affordability Program Annual Report for 2019	
Issues	1. Should the Commission accept the 2019 Gas Affordability Program (GAP) annual reports of Great Plains Natural Gas Co. (GPNG), Minnesota Energy Resources Corporation (MERC), Northern States Power Company (Xcel), CenterPoint Energy Minnesota Gas (CPE), and Greater Minnesota Gas, Inc. (GMG)?	

2. Should the Commission authorize CPE to increase its GAP surcharge rate from \$0.0000/Dth to \$0.0236/dekatherm (Dth) beginning September 1, 2020?

3. Should the Commission authorize increase in Great Plains' GAP funding to \$70,000 annually?

4. Should the Commission allow Great Plains to increase its GAP surcharge rate from \$0.01393/Dth to \$0.02295/Dth?

5. Should the Commission affirm that CPE has adequately addressed Energy Cents' concerns regarding CPE's Outreach efforts for its GAP LIHEAP Customers?

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Relevant Documents	**Date**
GPNG – Annual GAP Compliance Filing (#20-395)	March 31, 2020
MERC – Annual GAP Compliance Filing (#20-397)	March 31, 2020
Xcel – Annual GAP Compliance Filing (#20-398)	March 31, 2020
CPE – Annual GAP Compliance Filing (#20-399)	March 31, 2020
GMG - Annual GAP Compliance Filing (#20-400)	March 31, 2020
Department – Comments (all Dockets)	April 30, 2020
GPNG – Reply Comments (#20-395)	May 7, 2020
ECC – Comments (#20-399 and #19-367)	May 21, 2020
CPE - Reply Comments (#20-399 and 19-367)	June 2, 2020

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I. Statement of the Issues

1. Should the Commission accept the 2019 Gas Affordability Program (GAP) annual reports of Great Plains Natural Gas Co. (GPNG), Minnesota Energy Resources Corporation (MERC), Northern States Power Company (Xcel), CenterPoint Energy Minnesota Gas (CPE), and Greater Minnesota Gas, Inc. (GMG)?

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4. Should the Commission allow Great Plains to increase its GAP surcharge rate from $0.01393/Dth to $0.02295/Dth?

5. Should the Commission affirm that CPE has adequately addressed Energy Cents Coalition' concerns regarding CPE's Outreach efforts for its GAP Program?

II. Introduction

All Commission regulated Minnesota natural gas utilities' Gas Affordability Programs are reviewed each year through their filing of annual compliance reports (as is the case in the dockets listed above filed on March 31, 2020) and periodically through evaluation process.

The Gas Affordability Programs (GAP) are designed to lower the percentage of income low-income households devote to paying energy bills, increase customer payments, and reduce the costs associated with collection of outstanding bills. The Programs consist of two components designed to assist low-income households, namely, the affordability component, and the arrearage-forgiveness component.

III. Background

A. Stakeholder Workgroup

On May 22, 2017, the Commission issued its Order Approving Periodic Gas Affordability Program Evaluations and Requiring Further Action.[1] In the May 22nd Order, the Commission accepted the 2016 GAP evaluation reports and required a stakeholder workgroup of the utilities that offer a GAP, third party GAP administrators, and the Department of Commerce (the Department), to discuss if changes should be made to the GAPs. The parties invited Energy

[1] See Order Approving Periodic Gas Affordability Program Evaluations and Requiring Further Action in these docket Nos. G-008/M-16-486, G-002/M-16-493, and G-004/M-16-495 (May 22, 2017).

Cents Coalition, a third-party administrator of the GAPs, to also participate. Members of the Utility Stakeholder Group met in May 2017, September 2017, October 2017 and January 2018.

On May 22, 2018, the stakeholder group consisting of CenterPoint Energy, Xcel Energy, and Great Plains Natural Gas Company filed a Utility Stakeholder Report (the Report).

On September 18, 2018, the Commission issued its Order Accepting the Utility Stakeholder Report as filed and Adopting the streamlined reporting format, as shown in Attachment A to the Utility Stakeholder Report and Requiring that this Order be effective immediately.

B. 2018 GAP Annual Reports

Between March 28 and April 1, 2019, the gas utilities filed their 2018 Gas Affordability Program Annual Reports. On April 29, 2019, the Department filed its comments regarding the GAPs and recommended that the Commission accept the annual reports. On August 19, 2019, the utilities GAP reports were approved by the Commission in Docket Nos. G-008/M-19-255, G-002/M-19-242, G-011/M-19-241, G-004/M-19-247, G-022/M-19-236.

C. 2019 GAP Annual Reports

On March 31, 2020, the gas utilities filed their 2019 Gas Affordability Program Annual Reports, in the dockets that are on the Commission Agenda for this meeting.

On April 30, 2020, the Department filed Comments regarding the utilities GAP Annual Reports and recommended the Commission accept the utilities' reports, as well as, approve CenterPoint Energy and Great Plains request to adjust their surcharge rates.

IV. Relevant Statues and Commission Orders

A. Low-income Affordability Program Statue, Minn. Stat. § 216B.16, subd. 15

> The Commission must consider ability to pay as a factor in setting utility rates and has established affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. The Programs are available to residential customers within the Company's service area who have been qualified for and received assistance from the Low-Income Home Energy Assistance Program (LIHEAP).
>
> All the investor-owned, Commission rate regulated natural gas utilities are required to offer an affordability program for income-qualified customers.
>
> The Commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis.

Any Affordability Program the Commission orders a utility to implement must meet five criteria identified in the statue as follow:

- Lower the percentage of income that participating low-income households devote to energy bills;
- increase participating customer payments over time by increasing the frequency of payments;
- decrease or eliminate participating customer arrears;
- lower the utility costs associated with customer account collection activities; and
- coordinate the program with other available low-income bill payment assistance and conservation resources.

Also, over time the Commission has prescribed its own additional reporting requirements.

B. Commission Orders

1. Program Authorizations

The Commission issued orders authorizing the start of each gas affordability program. All the GAP programs were originally set up as pilot programs that expired on a certain date unless the Commission evaluated and authorized the programs to continue. CPE, Xcel and GPNG's Programs have become permanent, while MERC and GMG continue to operate under pilot status. CenterPoint's and Xcel's programs predated the statutory requirement for these programs and were initially authorized in rate cases. MERC's, Great Plains', and GMG's programs are the result of filings required by the low-income affordability program statute.

2. Annual Reviews

The Commission issued orders reviewing the GAP compliance filing for calendar years, thus:

- 2008 GAP annual reports on July 8 and November 18, 2009.
- 2009 GAP annual reports on September 22, 2010.
- 2010 GAP annual reports on December 29, 2011.
- 2011 GAP annual reports on October 5, 2012.
- 2012 GAP annual reports on September 25, 2013.
- 2013 GAP annual reports on November 26, 2014.
- 2014 GAP annual reports on September 29, 2015.
- 2015 GAP annual reports on June 30, 2016.
- 2016 GAP annual reports on October 12, 2017.
- 2017 GAP annual reports on June 20, 2018.
- 2018 GAP reports on April 29, 2019

3. Program Evaluations and Termination Dates

In addition to the annual acceptance of the GAP reports, the programs are evaluated periodically, in depth on a company by company basis. The statute states that the Commission may require public utilities to file program evaluations that measure the effect of the affordability program on:

1. the percentage of income that participating households devote to energy bills;
2. service disconnections; and
3. frequency of customer payments, utility collection costs, arrearages, and bad debt.

Further, the Commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The Commission may not allow a utility to recover administrative costs, excluding start-up costs, in excess of five percent (5%) of total program costs, or program evaluation costs in excess of two percent (2%) of total program costs. The Commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases.

Also, the Commission determines whether modifications should be made to the program and status of the program, if it should continue as a pilot or become a permanent program. Currently all the programs have been made permanent except for Greater Minnesota Gas program. Below is a history and overview of the highlights and the relevant Commission decisions from the utilities recent Program evaluations:

a. CenterPoint Energy

- Made the GAP a permanent program with no expiration date.
- Evaluated in 2019.
- Required CPE to continue to maintain GAP surcharge rate at $0.00441 per Dth.
- Required CPE to file its next evaluation report on May 31, 2022.

b. Xcel Energy

- Made the GAP a permanent program with no expiration date.
- Evaluated in 2019.
- Approved the increase of the GAP surcharge from $0.00400 to $0.00445 per Dth.
- Required Xcel file its next evaluation report on May 31, 2022.

c. Great Plains Natural Gas

- Made the GAP a permanent program with no expiration date.
- Evaluated in 2019.
- Approved the increase of the GAP surcharge from $0.00000 to $0.01393 per Dth.
- Required GPNG to file its next evaluation report on May 31, 2022.

d. MERC

- Made the GAP a permanent program with no expiration date.
- Required MERC to file its next evaluation report on May 31, 2022.

e. Greater Minnesota Gas

- GMG agreed to partner with ECC to assist with administration of its GAP.
- Required GMG to operate its GAP as a pilot program with no expiration date until the Commission determines the program should become permanent.
- Required GMG to file its next evaluation report on May 31, 2022.

V. Should the Commission accept the 2019 Gas Affordability Program (GAP) annual reports?

The design of the CARE Program customer benefits consists of two components, namely the affordability component and an arrearage forgiveness component.

A. Affordability Component

The affordability component is designed to help make the GAP customer's current bill affordable by limiting the amount the customer pays each month for natural gas to a set percentage of the customer's household income, usually four or six percent (4% - 6%). The limit on the percentage of income that participating households devote to energy bills is one of the requirements that a GAP must meet under the statute. The actual percentage amount is set by the Commission for each program, as indicated in figure 1.

The affordability component is a bill credit determined as one-twelfth of the difference between the utility's estimate of the qualified customer's annual natural gas bill and a percentage of the qualified customer's annual household income as provided by the qualified customer to the utility. Once enrolled in the program, any energy assistance monies not applied to past due bills are applied to the customer's current bills in accordance with LIHEAP program guidelines. The remaining balance is applied to future bills. Energy assistance is not considered part of household income in the calculation of the affordability credit.

The affordability component of the Program was designed to meet the statutory requirement to lower the percentage of income that participating low-income households devote to energy bills. The following figure 1, compares the terms of the affordability component for the different programs. Due to design changes implemented in GMG's program in 2016 this data is more comparable to the data provided by other utilities starting with the 2016 annual report.

Figure 1: Comparison of the terms of Affordability Component of the Programs

GAP Affordability Component – Customer Benefit	Center Point	Xcel	MERC	Great Plains	GMG[2]
% of Household Income	4%	4%	6%	4%	4%
2019 Average Benefit	$383	$155	$422	$216	$340
2018 Average Benefit	$376	$180	$453	$171	$338
2017 Average Benefit	$368	$205	$409	$111	$292
2016 Average Benefit	$291	$208	$432	$99	$250
2015 Average Benefit	$460	$241	$376	$217	$102

B. Arrearage Forgiveness Component

The arrearage forgiveness component is a matching credit from the utility that is applied to an income qualified customer's account each month after receipt of the customer's scheduled arrears payment. The application of this monthly credit and customer payment retires pre-program arrears over a designated period of time. Energy assistance is not considered in the calculation of the forgiveness of pre-program arrears.

The arrearage forgiveness component is designed to help the GAP customer retire past due natural gas bills that are in arrears over a one to two year period with monthly payments that are matched (dollar-for-dollar or better) by the company using money from the affordability program. The intent of the matching provision is to provide an incentive for customers to make regular monthly bill payments for the term of the payment plan while paying down past due gas bills. The arrearage forgiveness component of the Program was designed to meet the statutory requirement to decrease or eliminate participating customer arrears.

The following in figure 2, compares the terms of the arrearage forgiveness component for the different programs. This figure 2, also summarizes GMG's program which was simpler and smaller than the other programs through 2015. Due to design changes implemented in GMG's program in 2016 the data is more comparable to the data provided by other utilities in the 2016 annual report.

[2] Prior to 2016, the affordability component for GMG's GAP consisted of a waiver of the monthly facility (i.e. customer) charge and is reviewed and administered quarterly.

Figure 2: Comparison of Arrearage Forgiveness Component by Company

GAP Arrearage Forgiveness Component – Customer Benefit	CenterPoint	Xcel	MERC	Great Plains	GMG[3]
Repayment period for arrears	12 mos. - customer contributes no more than 2% of household income to retire pre-program arrears	Up to 24 mos.	Up to 24 mos. (modified in 2012 - up to 24 mos. with arrears, and 12 mos. without arrears)	Up to 24 mos.	Up to 24 mos.
2019 Average Benefit	$240	$390	$52	$86	$21
2018 Average Benefit	$159	$200	$240	$56	$9
2017 Average Benefit	$132	$32	$11	$32	$54
2016 Average Benefit	$196	$24	$6.60	$33	$112
2015 Average Benefit	$220	$30	$17	$58	$102

The Department based its review of the two components of the GAP program customer benefits provided by the utilities as illustrated in figures 1 and 2 above and agrees that the information is properly included in the report.[4]

C. Other GAP Reporting Requirements

1. Increase in Customer Payment Frequency

The statute requires a GAP to increase participating customer payments over time by increasing the frequency of payments. The utilities have shown that the GAPs increase customer payment frequency over time. Figure 3 below, shows information on comparison of utilities GAP program customer payment frequency for 2019 program year. The Department notes that amounts over 100% indicate that energy assistance dollars in addition to customer payments

[3] Prior to 2016, the arrearage forgiveness component for GMG's GAP consisted of a one-time bill credit of $102 applied to customer's bill if the customer made 12 consecutive timely payments.

[4] The Department's Comments, p. 3.

may result in credit balance on a customer's account.[5] The Commission has not required GMG to meet this reporting requirement.

Figure 3: Comparison of utilities 2019 GAP Program Customer Payment Frequency

Customer - Participants	CPE (%)	Xcel (%)	MERC (%)	GNPG (%)	GMG (%)
GAP participants: Amount Count	34 74	97 81	68 165	64 56	0 0
LIHEAP non-GAP: Amount Count	37 55	101 78	114 113	26 33	0 0
Non-LIHEAP: Amount (Residential Count	89 88	98 91	89 91	100 79	0 0

2. Decrease in Collection Costs

GAP reporting guidelines require that the relevant utilities submit information about how the number of payments required of participants under the program have affected the utilities' collection activity. The Department notes that through a review of their collection activity or related data points, CPE, Xcel Energy, GPNG, and MERC all concluded that the increased number of payments received from GAP participants has the corresponding effect of reducing collection activities by the these utilities.[6] The Commission has not required Greater Minnesota Gas to meet this reporting requirement.

[5] Id., at p. 4.

[6] The Department's Comments, p. 7.

VI. Annual Program Budgets, Revenues and Costs

Figure 4 below displays the Utilities' reported information on annual program budgets, actual program costs, revenue and GAP tracker balances for program year-end 2019. The Department review found the reported information was correct and properly included in the annual reports.

Figure 4: Annual Program Budget, Program Costs, Revenues and Tracker Balance For 2019 Program Year

	CenterPoint	Xcel	MERC	Great Plains	GMG
Annual Program Budget	$5,000,000	$2,500,000	$750,000[7]	$50,000	$20,000
Actual Program Revenue (2019)	$4,242,706	$3,037,138	$1,293,790	$41,426	$0
Actual Program Cost (2019)	$4,481,864	$2,941,601	$661,786	$73,807	$14,287
GAP Tracker Balance as of December 31, 2019	$4,688,151	$1,429,657	$110,651	$(5007)	$49,527

A. GAP Tracker Balances

Figure 5 presents a comparison of year-end GAP tracker balances for all the utilities as of December 31, 2015 through 2019. Note that the Commission tracks the balances in the GAP tracker accounts to see how much money has been collected for these programs and how much is being used.

Figure 5: Comparison of Year End Tracker Balance – December 31, 2015 – December 31, 2019

GAP Tracker Balance (as of)	CenterPoint	Xcel	MERC	Great Plains	GMG
December 31, 2019	$4,688,151	$1,429,657	$110,651	($5007	$49,577
December 31, 2018	$4,779,126	$1,334,120	($597,750)	$27,374	$35,290
December 31, 2017	$2,956,406	$658,482	($38,976)	$16,904	$28,708
December 31, 2016	$1,767,477	$64,710	$569,249	$14,578	$25,406
December 31, 2015	$525,858	$499,977	$1,258,501	$21,876	($7,189)

[7] In 2015, the Commission approved MERC's request to reduce its annual GAP budget from $1 million to $750,000.

1. CenterPoint

Should the Commission authorize CPE to increase its GAP surcharge rate from $0.0000/Dth to $0.0236/Dth beginning September 1, 2020?

CenterPoint Energy's tracker balance is close to $5 million, or approximately 95.6% of the $5 million annual budget. CenterPoint stated that GAP spending for a given year is the product of several variables. These factors include the differences between expected and actual natural gas bills (often driven by variances in usage-which can be caused by changes in the weather), the wholesale price of natural gas, the arrearage level of GAP participants, and the LIHEAP participation rates. In practice, it is not always possible to maintain a target tracker balance given the variability in both spending and collections inherent in a volumetric rate.

On August 19, 2019, the Commission in its Order in Docket No. G008/M-19-255 directed CPE evaluate annually its GAP surcharge rate based on forecasted GAP expenditures and rate-case approved sales.[8] Thus, in the instant case CPE proposes to increase its GAP surcharge rate from $0.0000 per Dth to $0.0236 per Dth, effective September 1, 2020. According to CPE the purpose of the proposed change in GAP surcharge rate is to bring the GAP tracker balance as near to zero as possible over the forecasted time-period, which is September 2020 to December 2021. Schedules E and F attached to CenterPoint's filing show that, when using applicable forecasted sales and proposed GAP surcharge rate, the ending balance of the tracker account on December 2021 is forecasted to be an approximate over-recovered amount of $897. Without the proposed change in the surcharge rate, the forecasted ending tracker balance would be an approximate under-recovered amount of $348,680 by December 2021.[9] Upon review of information provided by CPE, the Department concurs with CenterPoint's assessment of its GAP surcharge rate and the need to adjust it so as to more closely reach a balance of zero by December 2021.[10] Accordingly, the Department recommends that the Commission approve CenterPoint's request to adjust its GAP tracker surcharge rate.

Staff believes that the annual review of the GAP surcharge as proposed by CPE, with the aim to better align costs with recoveries, and thereby preventing GAP costs over-or under-charge to customers, is reasonable.

2. Xcel

In 2012, Xcel was required to reduce its tracker balance by $1 million, over four years. This was done through a combination of a reduced surcharge and increased expenditures for outreach. In Xcel's Program evaluation completed in 2017, the Commission allowed Xcel to raise its surcharge from $0.00400 to $0.00445 per therm.

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[8] CPE's 2019 Annual GAP Report filing, p.21.

[9] CPE's 2019 Annual GAP Report filing, Schedule F.

[10] The Department's Comments, p. 9.

As of December 31, 2019, Xcel's GAP tracker balance showed a $1.3 million surplus. Xcel explained that the increase in tracker balance is due to the colder than usual weather in recent months, which resulted in collection of more dollars amounts than usual. Staff notes that Xcel intends to draw down this balance in 2020, as the company embarks on aggressive customer outreach, including the fact that the first couple of months in 2020 has been warmer than usual, which should result in increased program participation and higher spending in 2020.

3. MERC

MERC's annual GAP budget was set at $750,000 per Commission on September 25, 2015 in Docket No. G011/M-15-539. MERC's tracker balance had a surplus at the end of 2015. The Company noted that this trend began to slow at the end of 2015 and that it had enrolled a higher percentage of customers with arrears in the Program. MERC expects this combination of factors to further reduce its tracker balance over the course of 2016 which appears to have been accomplished. MERC's current tracker balance is $110,651 for program year 2019.
The Commission also approved GAP surcharge factor of $0.00905/Dth from the previous rate of $0.0000/Dth, on April 1, 2019.[11] MERC states that continuous success of its GAP reflects the need for the Program beyond what is offered by LIHEAP.

4. Great Plains

Should the Commission authorize increase in Great Plains' GAP funding to $70,000 annually?

Great Plans was required to reduce its tracker balance in 2012. In order to reduce the balance, the Commission reduced the Company's surcharge to $0.00000 per therm. In Great Plains Program evaluation completed in 2017, the Commission reinstated a surcharge at $0.01393 per therm.

In this filing, Great Plains proposes two changes to its GAP funding, namely to increase its GAP budget from current level of $50,000 to $70,000, and secondly to increase GAP current surcharge rate from $0.01393 /Dth to $0.02295/Dth (this is the 2nd request discussed below). Great Plains states that it has increased its assumed participation rate from 15 to 21 percent, given the difference in actual versus estimated participation in 2019. A result of the assumed increase in participation, Great Plains states that a subsequent increase in the budget, from $50,000 to $70,000, would be necessary. GPNG projects 2020 firm sales of 3,040,734 dekatherms,[12] an estimated 323 participants, an estimated $200 benefit per participant, and a rounded budget of $70,000, which includes a 5 percent administrative cost.

Should the Commission allow Great Plains to increase its GAP surcharge rate from $0.01393/Dth to $0.02295/Dth?

[11] MERC's 2019 Annal GAP Report filing, p. 6.

[12] GPNG's 2019 GAP Annual Report filing, Attachment B.

As stated above, Great Plains made a change to its GAP program beginning in 2018 that resulted in a larger number of participants. Thus, Great Plains requests the Commission to increase its surcharge from $0.01393 to $0.02295/Dth, resulting in $0.00902/Dth increase or approximately 65 percent increase. GPNG in its 2018 annual GAP filing, stated that it would reevaluate its surcharge in its GAP program Evaluation Report, Docket No. G004/M-19-366, which was filed May 31, 2019. In that proceeding, Great Plains stated that its foregoing surcharge of $0.01393 was enough, given that its tracker balance at 2018 year-end totaled $27,373.75, even when considering an assumed increase in a program participation rate from 10 to 15 percent. The Commission's January 17, 2020 Order required GPNG maintain its current surcharge and to continue evaluation of the rate charged to firm residential and general service customers.

Great Plains maintains that increasing the assumed participation rate to 21% allows it to be in alignment with what other gas utilities are using to estimate their GAP participation. In fact, this change resulted in an increase in the surcharge rate and a budget increase of $20,000, which aligned with the increase in qualified participants from 228 to 323 in 2019 program year.

The Department agrees with Great Plains' assessment of both its GAP budget and surcharge rate and recommends the Commission approve the request to increase budget from $50,000 to $70,000 and increase surcharge rate from $0.01393 to $0.02295.

5. Greater Minnesota Gas

GMG has stated that it would not propose collection of a surcharge until after completion of the 2017 program year, however in 2019 the company made no determination to collect surcharge. The Company has been tracking its GAP regulatory costs in an unofficial tracker. GMG reports tracker balance of $49,577[13] as at December 31, 2019. GMG anticipates that a formal mechanism to track its GAP regulatory costs will be instituted when regulatory approval is requested and received for the addition of a rate-affordability surcharge and that the tracker components will be identified and approved at the same time.

B. Annual Cost of GAP per Non-participating Customer

Although the budgets for these programs are roughly proportional to the size of each utility, as can be seen in figure 6 below, the impact on a residential customer that uses 900 therms of gas each year, varies from one company to another. At the current affordability surcharge rates, the cost per year for an average residential customer varies from $0.00 to $1.25 per year per residential customer.

[13] GMG's 2019 GAP Annual GAP Report filing, p. 4.

Figure 6: Comparison of Programs for Each Customer Use of 900 Therms of Gas per Year

Calendar-year 2019	GAP rate - affordability surcharge ($/therm)	Annual cost for average residential customer who uses 900 therms of gas	Number of GAP Participants at some point during the year	Customer classes assessed the GAP surcharge
CenterPoint	$0.0000	$0.00	11,067	All firm residential, commercial and industrial sales and transportation customers (except market-rate firm)
Xcel	$0.00445	$0.41	9,675	All firm sales customers
MERC	$0.00905	$0.00	1,432	Collection of surcharges will be reinstated April 1, 2019. Commission approved $0.00905 per therm in MERC's Rate Case. G-011/GR-17-563.
Great Plains	$0.01393	$1.25	322	GAP costs are recovered through a separate Delivery Charge applicable to all customers receiving firm service under the Residential Gas Service and Firm General Service Rate Schedules.
GMG[14]	$0.00000	$0.00	29	No customers are currently assessed the surcharge.

VII. Program Administration, Effectiveness and Periodic Assessment of Third-Party Program Administrators

In the review of the 2011 compliance filings, there was a discussion, about the cost and effectiveness of using third-party program administrators for these programs. In its December 29, 2011 Order Accepting Gas Affordability Program Reports And Requiring Further Action, the Commission directed the companies to periodically assess (a) whether their programs could be more effective and efficient by the use of a third-party administrator, and (b) if they already use a third-party to administer, whether this is the most effective and efficient arrangement, including a review of alternatives. However, there is a statutory requirement for the utilities to coordinate the program with other available low-income bill payment assistance and conservation resources. See depicted in figure 7 below, the utilities and their third-party administrators.

[14] GMG was authorized to establish a deferred account for all Program costs for review and recovery in GMG's next general rate case.

Figure 7: The Utilities and Their Third-Party Administrators

	CenterPoint	Xcel	MERC	Great Plains	GMG
Third-party program administrator	ECC	ECC	Salvation Army	Salvation Army	ECC

Some of the promotional efforts employed by the Companies, internally or in conjunction with their third-party administrator include:

- Direct mail and e-mails sent to LIHEAP recipients encouraging them to enroll in GAP.
- Making the application electronically available.
- Partnering with outside low-income agencies (e.g. LIHEAP vendors) to promote the GAP.
- Attending community outreach events.
- Call center referrals to customer’s who may be eligible for GAP.

VIII. CPE Customer Outreach

Should the Commission affirm that CPE has adequately addressed Energy Cents Coalition’ (ECC) concerns regarding CPE’s Outreach efforts for its GAP Program?

On May 21, 2020, ECC submitted Comments on CPE’s 2019 GAP annual report. ECC expressed its concerns about the persistent downward trend of the number of CPE’s LIHEAP customers and GAP participants.[15] In the comments, ECC made various suggestions, including recommending that the Commission require the Company to implement new LIHEAP and GAP outreach efforts and to provide reports regarding those efforts.

According to ECC, the Commission’s Order required CPE “to communicate regularly with payment-troubled customers by directing them to financial resources for assistance and reporting on LIHEAP outreach activities [and to] provide a detailed description on how they have enhanced GAP outreach efforts to customers with past due amounts, customers receiving service disconnection notices, and current LIHEAP customers.”

CPE responded to ECC’s Comments in four areas, namely: Recommendations about changing outreach activities; Recommendations regarding Conservation Improvement Program (“CIP”) and Gas Affordability Program(“GAP”) Coordination; Recommendations about GAP costs; and Recommendations regarding additional reporting.

[15] ECC’s Comments, p. 2.

A. Changing Outreach Activities

1. Focus Outreach Efforts Primarily and more extensively on increasing the number of LIHEAP customers.

CPE notes that ECC is concerned whether CPE is doing enough LIHEAP outreach in response to the January 17, 2020 Commission Order in Docket No. G008-m-19-367. CPE responds that it met with ECC last fall in 2019 and discussed helpful outreach efforts that resulted in the company increasing outreach activities to

> Customers who were deactivated from GAP in 2019, received LIHEAP for the 2019/2020 heating season, and were in arrears. Customers with past due amounts greater than $500 and who had not previously received LIHEAP and to disconnected customers who had not previously received LIHEAP.

CPE maintains it is in the process of increasing outreach and would be hasty to judge after just submitting one quarterly report, whether the current heightened effort is enough. Further, CPE notes that in addition to the above that it is performing extensive outreach activities which it would furnish in its quarterly report on outreach to the following:

> -Customers who did not receive LIHEAP in the 2019/2020 season, but had previously received LIHEAP
> -Customers who indicated they were low income during the Cold Weather Ruel period but did not receive LIHEAP
> -Customers with high delinquent balances
> -Customers who were denied LIHEAP prior to the April 2020 when program eligibility changes were made
> -Customers who have received LIHEAP, but are not currently enrolled in GAP

2. Shift resources from those outreach activities and events that are too broadly construed and have been replicated for years with no discernable results

CPE indicates willingness to discuss modification or elimination of outreach efforts that are no longer serving a useful purpose. But warns that it is not always easy to determine which outreach efforts are effective. CPE is of the view that ECC's recommendation that relate to the CIP/GAP cross-promotional items which are low-cost ways to increase energy efficiency awareness among low-income customers, and low-cost Do-It-Yourself projects, which may interest low-income renters but who do not have authority to make more substantial energy efficiency upgrades.

3. Proactively Contact GAP Customers after they miss one payment

CPE notes that it is its normal process to proactively reach out to GAP customers who accrue balances sent to collections. This process has been upset by the suspension of collection activities, but the Company is working through how to ensure that GAP customers in arrears are not falling through the cracks.

B. CIP and GAP Coordination

CPE notes that with regards to CIP and GAP coordination, ECC references Commission directive that require CenterPoint Energy to "target meaningful CIP resources (HVAC upgrades, insulation, etc.) to high natural gas usage LIHEAP and GAP customers and to actually coordinate participation in these programs." In this vein, CPE opines that ECC and the company agree that putting together data on low-income status with data about natural gas usage to more effectively target low-income CIP efforts is worthwhile.

Accordingly, CPE discloses that efforts are in the offing to developing a process to map information about customers' natural gas usage, CIP participation, and demographic data by census tract. And in fact, that any useful information garnered from this process will help inform CIP targeted marketing and implementation strategies to connect more income-qualifying customers to CIP resources. CPE mentions that it has already made great strides in targeting CIP resources, including major measures, such as HVAC and insulation upgrades, to low-income customers. In fact, the Company has spent over five million dollars[16] on CIP measures for the benefit of low-income customers, more than double its statutory low-income, in 2019.

C. GAP Costs

CPE notes that ECC also expressed concerns about GAP administration costs. CPE states that direct costs concerning expanded outreach efforts are part of the GAP administrative costs and not a separate cost. Additionally, CPE states that administrative costs do not scale directly with participation. Thus,

> Company must continue to maintain personnel and processes to administer GAP even if participation dips. Increased labor costs are the primary driver for increased costs in 2019 as compared to 2018.

Further, CPE maintains that it has not requested to recover GAP administrative costs in excess of the amounts included in GAP tracker and has no plans to do so in the foreseeable future, and in fact writes off administrative costs in excess of the statutorily required 5% to shareholder expense.

D. Additional Reporting Requirements

CPE states that it would readily furnish additional requested information by ECC. The Department offer no response comments since ECC submitted its comments after the Department had already filed its Comments to CPE's 2019 Annual GAP Report. Staff believes

[16] CPE's Supplementary Response Comments, p. 3.

CPE response/s to ECC's Comments and related recommendations are adequate and reasonable to allay ECC'S concerns. Further, CPE expressed willingness to work with ECC to improve the effectiveness of its outreach efforts.

IX. Decision Alternatives

Should the Commission accept the 2019 Gas Affordability Program (GAP) annual reports of Great Plains Natural Gas Co. (GPNG), Minnesota Energy Resources Corporation (MERC), Northern States Power Company (Xcel), CenterPoint Energy Minnesota Gas (CPE), and Greater Minnesota Gas, Inc. (GMG)?

1. Accept the 2019 Gas Affordability Program annual reports for GPNG, MERC, Xcel, CPE and GMG. (DOC, GPNG, MERC, XCEL, CPE, GMG) <u>or</u>

2. Do not accept.

Should the Commission authorize CPE to increase its GAP surcharge rate from $0.0000/Dth to $0.0236/Dth beginning September 1, 2020?

3. Authorize CPE to increase its GAP surcharge rate from $0.0000/Dth to $0.0236/Dth beginning September 1, 2020. (DOC, CPE) <u>or</u>

4. Do not authorize.

Should the Commission authorize increase in Great Plains' GAP funding to $70,000 annually?

5. Authorize Great Plains to increase its GAP funding to $70,000 annually. (DOC, GPNG) <u>or</u>

6. Do not authorize.

Should the Commission allow Great Plains to increase its GAP surcharge rate from $0.01393/Dth to $0.02295/Dth?

7. Allow Great Plains to increase its GAP surcharge rate from $0.01393/Dth to $0.02295/Dth. (DOC, GPNG) <u>or</u>

8. Do not authorize.

Should the Commission affirm that CPE has adequately addressed Energy Cents' concerns regarding CPE's GAP Outreach efforts to LIHEAP customers its GAP Program?

9. Affirm CPE has adequately addressed the concerns regarding its GAP Outreach efforts to LIHEAP customers. (ECC, CPE, Staff). <u>or</u>

10. Do not affirm.