



A Division of Montana-Dakota Utilities Co.

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March 31, 2025

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.'s Annual Gas Affordability Program Report, Docket No. G-004/M-25-__

Dear Mr. Seuffert:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically files its Calendar Year 2024 Gas Affordability Program (GAP) Report in compliance with the Minnesota Statute § 216B.16.subd. 15 and the Minnesota Public Utilities Commission's Orders issued in Docket Nos. G-004/M-22-155 and G-004/M-22-255.

If you have any questions regarding this filing, please contact me at (701) 222-7855 or Kristin Stastny at (612) 977-8656.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Vice President of Regulatory Affairs

cc: Kristin Stastny

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Joseph Sullivan	Vice-Chair
Hwikwon Ham	Commissioner
John Tuma	Commissioner
Audrey Partridge	Commissioner

In the Matter of the Petition of Great Plains)	
Natural Gas Co., a Division of)	
Montana-Dakota Utilities Co., for)	Docket No. G-004/M-25- ____
Approval of the 2024 Gas Affordability)	
Program Annual Report)	

SUMMARY OF FILING

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., hereby submits this Petition for approval of the Company's 2024 Gas Affordability Program (GAP) Annual Report in compliance with Minnesota Statute §216B,16, subd. 15 and Orders issued by the Minnesota Public Utilities Commission (Commission) in previous GAP annual reports and evaluation dockets¹. Great Plains respectfully requests that the Commission accept its 2024 Gas Affordability Program Annual Report as being in compliance with its directives.

¹ Docket Nos. G-004/M-07-1235, G-004/M-15-306, G-004/M-16-275, G-004/M-16-495, G-004/M-17-254, G-004/M-18-248, G-004/M-19-247, G-004/M-19-366, G-004/M-20-395, G-004/M-21-217, G-004/M-22-155, G-004/M-22-255, G-004/M-23-83 and G-004/M-24-37.

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**PETITION FOR APPROVAL OF GREAT PLAINS NATURAL GAS CO.'S GAS
AFFORDABILITY PROGRAM ANNUAL REPORT FOR PROGRAM YEAR 2024**

I. INTRODUCTION AND SUMMARY

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., hereby submits this Petition for approval of the Company's 2024 Gas Affordability Program (GAP) Annual Report in compliance with Minnesota Statute §216B,16, subd. 15 and Orders issued by the Minnesota Public Utilities Commission (Commission) in previous GAP annual reports and evaluation dockets¹. Great Plains respectfully requests that the Commission accept its 2024 Gas Affordability Program Annual Report as being in compliance with its directives.

II. BACKGROUND

Great Plains' Gas Affordability Program (GAP) was first approved by the Commission in Docket No. G-004/M-07-1235 by Commission Order issued on May 12, 2008. In Docket No. G-004/M-15-306, the Commission ordered the extension of the Company's 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

¹ Docket Nos. G-004/M-07-1235, G-004/M-15-306, G-004/M-16-275, G-004/M-16-495, G-004/M-17-254, G-004/M-18-248, G-004/M-19-247, G-004/M-19-366, G-004-M-20-395, G-004/M-21-217, G-004/M-22-155, G-004/M-22-255, G-004/M-23-83 and G-004/M-24-37.

each year and program evaluations periodically. The Company has complied with the Commission's Order by filing the Company's annual GAP reports by March 31 of each year and its evaluation reports by the date ordered².

On January 18, 2023, in Docket No. G-004/M-22-255 the Commission authorized discontinuing the submission of the three-year GAP evaluation reports and instead required five years of historical data be included in each utility's annual GAP report. The Commission also ordered all gas utility companies to send emails and flyers with information about GAP to the LIHEAP service providers in each utility's service territory. The Commission also accepted changes to Great Plains' outreach efforts.

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:	Kristin Stastny Taft Stettinius & Hollister LLP 2200 IDS Center 80 South 8 th Street Minneapolis, MN 55402 Telephone: 612-977-8656
Date of Filing:	March 31, 2025
Proposed Effective Date:	First of the month following Commission approval.
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 Vice President of Regulatory Affairs Great Plains Natural Gas Co. 400 North 4th Street Bismarck, ND 58501

² Docket Nos. G-004/M-07-1235, G-004/M-15-306, G-004/M-16-275, G-004/M-16-495, G-004/M-17-254, G-004/M-18-248, G-004/M-19-247, G-004/M-19-366, G-004-M-20-395, G-004/M-21-217, G-004/M-22-155, G-004/M-22-255, G-004/M-23-83 and G-004/M-24-37.

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. Great Plains currently provides natural gas utility service to approximately 22,500 Minnesota customers.

In compliance with the Commission's directives, Great Plains is providing its Calendar Year 2024 Gas Affordability Program Report covering the period January 1, 2024 through December 31, 2024. The streamlined reporting format approved in the Commission's September 28, 2018 Order in Docket No. G-004/M-16-495 is provided as Attachment A with the required five-years of historical data as required in the Commission's January 18, 2023 Order in Docket No. G-004/M-22-255. An electronic copy of Attachment A has also been submitted as required by Order Point 16 of the Commission's January 18th Order.

V. PROGRAM OVERVIEW

1. Program Design

Great Plains' GAP is available to those customers who (1) have 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.³ Consistent with the requirements of Minn. Stat. § 216B.16, Subd. 15, the GAP is designed to assist qualified low-income residential customers to manage and pay their natural gas bills through the establishment of an affordability bill credit and arrearage forgiveness in certain circumstances.

The 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-

³ Great Plains' GAP is set forth in Section 5 of its Tariff. See <http://www.gpng.com/rates-services/rates-tariffs/>.

twelfth of the difference between Great Plains' estimate of the Qualified Customer's annual gas bill and four percent of the Qualified Customer's household income as provided by the Qualified Customer to Great Plains.

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 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.

2. Program Administration

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 and approve LIHEAP benefits and household income information submitted to Great Plains to determine a Qualified Customer's payment schedule amount. 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. Effective October 1, 2023, Great Plains increased its annual funding to \$97,000, increasing the amount provided to the Salvation Army for administration of the program. Program funding increased to \$146,000 per year effective September 1, 2024.

VI. 2024 ANNUAL GAP REPORT

Please see Attachment A for a summary of the following information for reporting years 2020 through 2024. An electronic version of Attachment A is also provided with this annual report in compliance with the Commission's January 18, 2023 Order Point 16.

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.

2. Participant Benefits (Lines 10-17)

As noted previously, the maximum payment as a percentage of household income is 4 percent and the repayment period for the arrearage forgiveness program is twenty-four months. The average annual income per GAP participant was \$15,454 in 2024 and the average annual bill was \$875. This compares to \$18,015 and \$1,236 in 2023, respectively. The decrease in the average annual bill was primarily driven by lower natural gas costs and a warmer than normal year in 2024 compared to gas costs and temperatures experienced in 2023. The average arrearage balance per participant was \$180 in 2024, an increase compared to \$145 in 2023.

The average affordability benefit was \$223 and the average annual arrearage forgiveness benefit per customer was \$129 with an average total benefit per participant of \$230. The GAP customers' average annual affordability benefit decreased in program year 2024 from that in 2023 by approximately 46 percent while the average annual arrearage forgiveness benefit increased 37 percent; however, the total benefit decreased in 2024, with the total benefit being \$230 compared to \$426 in 2023.

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

Great Plains' annual budget for GAP was \$97,000 for January through August 2024, increasing to \$146,000 for September through December. Revenue collected in 2024 under the Commission authorized GAP surcharge rates was \$90,905.17. Great Plains dispersed \$44,676.33 in affordability and arrears credits, including a third-party administrative fee of \$4,850. When coupled with the 2023 balance of (\$106,020.91), the GAP tracker balance as of year-end 2024 is (\$59,792.07).

The annual cost of the surcharge for an average residential customer who used 90 dekatherms of gas per year was \$3.60 prorated between the surcharge effective January through August surcharge of \$0.03399 and the September through December surcharge of \$0.05218 during Program Year 2024.

4. Participation (Lines 24-28)

Factors contributing to the number of applicants not qualifying for GAP in 2024 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 2024, Great Plains continued the process of contacting customers that received LIHEAP benefits effective October 1, 2023 and were in arrears, to encourage them to apply for GAP. Throughout the year, Great Plains also re-evaluated customers that had previously submitted a 2024 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 2024, Great Plains received 426 GAP applications representing a decrease of 23 percent from Calendar Year 2023, while LIHEAP applications submitted in 2024 for Great Plains' customers decreased 11 percent from the number of LIHEAP applications received in 2023.

Of the 426 applications received, 185 customers were ultimately enrolled in GAP qualifying for an affordability credit and/or arrearage forgiveness credit.

As shown on Attachment A, Line 24 the number of LIHEAP customers that participated in GAP in 2024 was 12 percent, a decrease from 19 percent participation in 2023. Great Plains retained customers in GAP in 2024 at a rate of 76 percent, compared to 79 percent in 2023. Great Plains did not have a waiting list to participant in GAP during program year 2024.

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

Customers participating in GAP in 2024 did experience a higher rate of disconnection compared to GAP participants in 2023 but in line with disconnection rates

in 2022. Great Plains suspended disconnections in March of 2020 due to the COVID-19 pandemic in response to Minnesota Governor Tim Walz's Emergency Executive Order 20-01 issued on March 13, 2020 whereby a peacetime emergency was declared in order to protect Minnesotans from COVID-19. The suspension of disconnections continued until Great Plains was able to resume its disconnection process on August 2, 2021 as outlined in the Company's Transition Plan in Docket No. G-999/CI-20-375, approved on May 26, 2021. Due to limited disconnections in 2020 and 2021, it is difficult to determine the impact of GAP on disconnection rates based on a five-year history. However, disconnection rates are more in line with the pre-Covid disconnection rates for GAP participants and Non-GAP/LIHEAP customers. Overall, customers participating in GAP had the lowest disconnection rate of the three groups.

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 2024 GAP participants before they were enrolled in GAP shows that when customers enroll in GAP, there is an improvement in dollars paid compared to dollars requested. Overall payment frequency increased in 2024 for GAP participants and Non-Gas/Non-LIHEAP participants and decreased for Non-GAP/LIHEAP participants.

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. In reviewing the 2024 GAP participants before they were enrolled in GAP shows that when customers are enrolled in GAP 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 the lowest percentage of customers in arrears with a rate of nine percent, whereas the Non-GAP/LIHEAP group had a rate of 10 percent and the Non-GAP/Non LIHEAP group had a rate of 20 percent. When comparing the average debt amount of each group of customers in arrears, the average arrears balance for a GAP participant was \$179.72, compared to that of the Non-GAP/LIHEAP group of \$163.22 and the Non-GAP, Non-LIHEAP residential customer of \$121.26. Fourteen percent of the 2024 GAP participants coming into the program had an arrears balance, compared with nine percent at year end.

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

In 2024, GAP participants experienced an increase in the average arrears balance owing whereas the Non-GAP/LIHEAP and Non-GAP/Non-LIHEAP customers experienced a decrease in the average dollar amount of arrears balance owing. As shown in Lines 52-53, GAP participants had an average arrears balance of \$351.19 prior to their enrollment in GAP and \$179.72 at the end of December 2024, demonstrating that GAP participants do see a decrease in their average arrears balance while enrolled in the GAP program.

10. Type and Number of Customer Complaints (Lines 54-55)

Great Plains did not receive any customer complaints regarding the GAP program in 2024.

11. Retention (Line 56)

The retention rate for GAP participants in program year 2024 was 76 percent. Great Plains attributes its retention rate to the active promotion of the program as described further herein. These efforts help to raise awareness of the program and then keep the program in front of those customers who need assistance in paying their natural gas bills.

12. Impact on Collection Activity (Lines 57)

As demonstrated in prior program years and again in this current program year, customers of Great Plains that participate in GAP have a lower than average arrears balance owing which has a positive impact on collection activity by reducing the need for

such activities. A Great Plains' Consumer Specialist works daily with the Company's credit representatives to identify customers whose accounts are in a collection status, who have qualified for LIHEAP in the current heating season and who currently are not enrolled in GAP. The Company then reaches out to this group of customers to promote and educate customers about the program and how to apply.

VII. OVERALL PROGRAM EVALUATION

The Company's GAP is offered in accordance with the requirements of Minn. Stat. § 216B.16, subd. 15 as outlined below:

- (b) Any affordability program the commission orders a utility to implement must:
 - (1) lower the percentage of income that participating low-income households devote to energy bills;
 - (2) increase participating customer payments over time by increasing the frequency of payments;
 - (3) decrease or eliminate participating customer arrears;
 - (4) lower the utility costs associated with customer account collection activities; and
 - (5) coordinate the program with other available low-income bill payment assistance and conservation resources.

The statute further states:

- (c) In ordering affordability programs, 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.

The Company will address each of the affordability requirements below but will first provide a summary of the program's participation for the five-year historical period included in the 2024 Annual GAP report in Table 1 below.

Table 1 – GAP Participation Summary

	2020	2021	2022	2023	2024
Total Applications	329	312	366	555	426
Total Participants	224	188	259	347	185
Total Accepted Applications	105	124	107	208	241
Participants Active on December 31	189	157	206	275	141

A. Lower the percentage of income that participating low-income households devote to energy bills.

GAP was designed to reduce the natural gas bill of participants compared to what the participant's bill would have been if not participating in GAP. This reduction is a result of the Affordability and Arrearage Forgiveness bill credits that lower participants' billing compared to what the customer would have been billed if not participating in GAP. Great Plains cannot definitively determine if GAP lowered the percentage of income participants devote to energy bills as Great Plains does not have access to participants' income information. However, if a participant's income stays the same, and their energy costs are reduced, Great Plains believes the statutory requirement to lower the percentage of income participants devote to energy bills has been met.

In 2024, the average GAP participant's income was \$15,454 with an average annual bill of \$875. The average GAP participant did see a decrease in their income in 2024 but also experienced a decrease in their annual bill due to lower gas prices and overall warmer temperatures compared to 2023. Great Plains will continue to monitor the trend in GAP participants income and the average annual bill to determine if changes may be necessary to the Company's GAP in the future.

B. Increase participating customer payments over time by increasing the frequency of payments.

To assess the Company's results in meeting this requirement, Great Plains reviewed the payment frequency percentages for GAP participants and non-GAP

participants. GAP participants continue to reflect a higher payment frequency than non-GAP participants (Non-GAP/LIHEAP customers and the Non-GAP/Non-LIHEAP customers) over the same time period. Tables 2 and 3 provide a summary of payment frequency for 2020 through 2024 for the groups previously mentioned. The Company attributes the decrease in the frequency of payments in 2020 and 2021 to the COVID-19 pandemic but believes that program participation continues to benefit GAP customers as demonstrated in the tables below.

Table 2 – Payment Frequency Summary

	2020	2021	2022	2023	2024
Percentage of Dollars Paid by Dollars Requested					
GAP Participants	59%	42%	64%	66%	73%
Non-GAP/LIHEAP Customers	21%	17%	25%	24%	21%
Non-GAP/Non-LIHEAP Customers	79%	76%	96%	89%	91%
Percentage of Number of Payments Made by Payments Requested					
GAP Participants	54%	46%	63%	64%	81%
Non-GAP/LIHEAP Customers	38%	36%	44%	48%	49%
Non-GAP/Non-LIHEAP Customers	82%	78%	88%	87%	87%

Table 3 – Payment Frequency Summary – Pre-Program Baseline

	2020	2021	2022	2023	2024
Percentage of Dollars Paid by Dollars Requested					
GAP Participant cohort	59%	42%	64%	66%	70%
GAP Participant cohort prior to GAP	42%	11%	24%	38%	29%
Percentage of Number of Payments Made by Payments Requested					
GAP Participant cohort	54%	46%	63%	64%	74%
GAP Participant cohort prior to GAP	43%	29%	46%	53%	50%

C. Decrease or eliminate participating customer arrears.

As shown in Table 4 below, the average arrears for all three groups have fluctuated over the 2020 through 2024 time period.

Table 4 – Customer Average Arrears

	2020	2021	2022	2023	2024
GAP Participants	\$60	\$137	\$57	\$145	\$180
Non-GAP/LIHEAP Customers	\$151	\$132	\$154	\$202	\$163
Non-GAP/Non-LIHEAP Customers	\$177	\$177	\$212	\$204	\$121
% GAP Participants in Arrears	13%	8%	9%	9%	9%
% GAP Participants in Arrears prior to GAP	37%	34%	27%	29%	14%

GAP participants do see a decrease in the percentage of arrears when comparing the percentage of arrears prior to participating in GAP. It is difficult to accurately determine the effectiveness of GAP on decreasing or eliminating participating customer arrears in 2020 through 2024 as the COVID-19 pandemic did impact the frequency of payments customers made in 2020 and 2021, however the average arrears of GAP participants did decrease when comparing their average arrears prior to joining GAP. GAP participants also continue to have a lower percentage of customers in arrears once enrolled in GAP than prior to their enrollment. The Company believes this demonstrates the effectiveness of the Company's GAP on meeting the requirement to decrease or eliminate participating customers' arrears.

D. Lower the utility costs associated with customer account collection activities.

There are various activities associated with the Company's collection process, with one of those being the actual disconnection of a customer's service and the subsequent reconnection. In comparing the disconnection rates for GAP participants to Non-GAP/LIHEAP customers included in Table 5, GAP participants see a lower rate of disconnection than Non-GAP/LIHEAP customers.

Table 5 – Disconnection and Reconnect Collection Costs

	2020	2021	2022	2023	2024
Disconnections – GAP Participants	0	1	4	4	4
Disconnections – Non-GAP/LIHEAP customers	0	40	87	157	129
Estimated Avoided Disconnections/Reconnections	0	5	13	37	14

Estimated Avoided Disconnection/Reconnection Costs ⁴	\$ -	\$846	\$2,298	\$6,921	\$2,720
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As has been mentioned throughout this annual report, the COVID-19 pandemic impacted multiple aspects of the Company's GAP and its reporting. Overall disconnections did decrease when the Company suspended disconnection from March 2020 through August 2021. This correlates to reduced avoided disconnection and reconnections. The Company saw a decrease in the Estimated Avoided Disconnection/Reconnection Costs in 2024 of \$2,720, similar the 2022 estimated avoided cost of \$2,298. Overall GAP continues to lower or avoid costs associated with disconnections and reconnections.

E. Coordinate the program with other available low-income bill payment assistance and conservation resources.

While the gas utilities were required to send emails and flyers with information about GAP to each LIHEAP service provider in their service territory pursuant to Order Point 8 of the Commission's January 18, 2023 Order, as shown below, this requirement was already being met through established Company's outreach efforts.

Bill Assistance Coordination

As in past years, in 2024, Great Plains continued to coordinate and communicate with all agencies providing bill payment assistance in its service territory. The goal is to provide all necessary materials and training to these agencies, so they are knowledgeable and willing to promote GAP to Great Plains customers. The Company continued to provide GAP application forms, GAP brochures and Minnesota Cold Weather Rule brochures to all heating assistance offices located in Great Plains' service territory that, in turn, can be provided to customers.

Within the Cold Weather brochure, Great Plains provides energy saving tips and contact names, addresses and telephone numbers for energy assistance agencies as well as encourages customers to contact these agencies to see if conservation and/or

⁴ Estimated Avoided Disconnection/Reconnection Costs were determined by estimating the GAP participants who would have been disconnected based on the LIHEAP disconnection rate times the average labor cost of disconnecting and reconnecting a customer.

weatherization programs are available to them in their local area. Within the GAP brochure, Great Plains provides contact information for energy assistance, weatherization and conservation providers as well as information on the types of credits available under GAP to qualifying customers.

Great Plains' outreach efforts in 2024 included direct mailings to all customers that received heating assistance in previous heating seasons, posting of the application on Great Plains' and third-party administrator's websites, utilizing social media, and providing bill inserts and onserts in all customers' bills. This past year the Company included alternating bill inserts and pictorial bill onserts included on their actual bill during the winter heating season and informed customers through posts on the Company's Facebook and Instagram accounts and email updates on GAP.

The Company's Customer Experience Team also actively promotes energy assistance availability, such as GAP and LIHEAP, to any customer who reaches out to Great Plains and discusses difficulties in making payments, being low income, or is past due. This is in addition to the outreach the Company's Credit Department undertakes when a customer is past due. In the course of these discussions, the Company provides the contact information for LIHEAP and/or other available funding to the customer. Customers who are on LIHEAP are also encouraged to apply for GAP and are mailed a copy of the application. The Company also encourages customers who apply for the Cold Weather Rule protection to apply for LIHEAP and provided information on GAP when the customer reaches out to set up their payment plan.

Conservation Coordination

Great Plains promotes conservation through its Energy Conservation and Optimization (formerly referred to as Conservation Improvement Programs) through local dealers, on the Company's website, targeted online advertising and through bill inserts. The programs offered for residential customers include:

- Natural Gas Water Heating Program
- Free Low Flow Showerheads
- Natural Gas Heating Program – Rebated for high efficiency furnaces
- Programmable Set-Back Thermostat-Rebate program

- Furnace/Boiler Tune-Ups & Replacements
- Attic Insulation & Bypass Sealing Program
- Pilotless Fireplace Program
- Residential Energy Assessment

VIII. COST-EFFECTIVENESS ANALYSIS

The Company reviewed the cost-effectiveness of its GAP program in accordance with the Company's Gas Affordability Plan tariff sheet which states:

"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."

Great Plains' cost-effectiveness analysis from 2020 through 2024 is summarized in Attachment B. In summary, the cost-effectiveness analysis shows a five-year net cost of \$486,856 to ratepayers or an average \$97,371 per year. The Affordability Component and the Arrearage Forgiveness paid to participants over that same time period totaled \$373,200, or an average of \$74,640 per year. Program costs were reduced in 2024 in direct relation to the decreased number of GAP participants. Internal administrative costs consist of application and brochure mailings and the estimated time spent by Company personnel to identify customers whose accounts are in a collection status, who have qualified for LIHEAP and are not currently enrolled in GAP and work to educate and promote GAP to these customers as well as outreach to GAP customers who are in risk of being dropped from the program. These internal administrative costs total approximately \$122,563 or on average \$24,513 per year.

The estimated GAP savings due to avoided write-offs, service disconnection/reconnection and collection activities totaled \$27,007 or on average \$5,401 per year.

Based on this cost-effectiveness review, while there are benefits resulting from GAP, the costs associated with the program continue to outweigh the benefits. However, Great Plains recognizes that there may be societal benefits that override the cost-effectiveness and will continue to offer and promote GAP to customers.

IX. SOCIETAL BENEFITS

Great Plains recognizes that there may be societal benefits that may be appropriate when evaluating the overall effectiveness of GAP. The challenge is in identifying and quantifying these benefits.

In Docket No. G-004/M-19-366, the Minnesota Department of Commerce (Department) filed Comments on September 26, 2019, that included two ways Great Plains' GAP benefits society. The benefits noted were reducing negative societal impacts from poverty and income inequality. The Department stated the following:

“Direct benefits to participants such as helping them meeting financial obligations and otherwise improving participants' welfare may also have knock-on benefits to society. However, for the purposes of this analysis, the Department believes it is more useful to classify the benefits of GAP as the direct financial benefit received by GAP customers assumed in the ratepayer analysis, since the benefits noted above [reducing societal impacts from poverty and income inequality] are essentially describing the qualitative aspect of the dollar amount that participants received from the Program.”⁵

The Department estimated the Program's effectiveness by increasing the income of a participant living on the poverty line. Table 6 below shows the impact of increased income to Great Plains' GAP participants in 2020 through 2024.

Table 6 – Impact of Increased Income

	2020	2021	2022	2023	2024
Total Affordability Component	\$43,569	\$37,296	\$97,651	\$128,049	\$37,631
Total Participants	224	188	259	347	185
Increased Participant Income	\$195	\$198	\$377	\$369	\$203

⁵ RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources Docket No. G-004/M-19-366, pages 11-12.

Poverty Line (Two-Person Household) ⁶	\$17,240	\$17,420	\$18,310	\$19,720	\$20,440
Percentage Increase	1%	1%	2%	2%	1%

The percentage increase in income each year does provide a direct financial benefit to GAP participants based on the Department's description of potential societal benefits. Great Plains does not have sufficient information to monetize these benefits but, based on the information provided in Table 6, concludes that the Company's GAP does provide societal benefits to GAP participants.

X. CONCLUSION

Great Plains noted in Docket No. G-004/M-22-255 that the Company anticipated GAP participation would return to pre-pandemic levels with the return to normal collection activities starting in August 2021. While the 2024 participation is down when compared to 347 participants in 2023 and 259 participants in 2022, the 2024 participation is in line with 2021 participation levels of. Applications in GAP and LIHEAP in 2024 was lower compared to 2023, with a twenty three percent decrease in GAP application and an eleven percent decrease in LIHEAP applications compared to 2023. The Company attributes the decrease in participants to the decrease in natural gas prices and the warmer temperatures experienced in 2024.

At the end of the 2024 GAP year, the Company continues to have an under collected balance that was generated due to increase program participation during program years 2022 and 2023. The under collection balance of \$106,020.91 for program year 2023 was reduced to \$59,792.07 by the end of program year 2024. As referenced in in VII. Overall Program Evaluation, the Company will continue to monitor the trends in GAP participants income, the average annual bill and participation levels to determine if changes may be necessary to the Company's GAP in the future.

⁶<https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references>.

XI. PROPOSAL

Great Plains respectfully request that the Commission accept its 2024 Calendar Year Gas Affordability Program Report.

Dated: March 31, 2025

Respectfully Submitted,

/s/ Travis R. Jacobson

Travis R. Jacobson
Vice President of Regulatory Affairs
Great Plains Natural Gas Co.
a Division of Montana-Dakota Utilities Co.
400 N. 4th Street
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GREAT PLAINS NATURAL GAS CO.
GAS AFFORDABILITY REPORTING 2022
Information as required and approved in September 28, 2018 Order-Docket No. G-004/M-16-495

Section	Lines	2020	2021	2022	2023	2024	
1	Program Dates and Status:						
	1 Date program started	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	
	2 Program effective date	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	
	3 Date next evaluation report due	5/31/2022	5/31/2022	N/A	N/A	N/A	
	4 Date last evaluation completed	5/31/2019	5/31/2019	5/31/2022	5/31/2022	5/31/2022	
	5 Last evaluation docket number	G-004/M-19-366	G-004/M-19-366	G-004/M-22-255	G-004/M-23-83	G-004/M-24-37	1/
	6 Status of program (pilot or permanent)	Permanent	Permanent	Permanent	Permanent	Permanent	
	7 Date pilot program ends, if applicable	N/A	N/A	N/A	N/A	N/A	
	8 Date of last Evaluation Order	1/17/2020	1/17/2020	1/18/2023	9/7/2023	8/14/2024	1/
	9 Program administrator	The Salvation Army	The Salvation Army	The Salvation Army	The Salvation Army	The Salvation Army	
2	Participant benefits						
	10 Description of affordability benefit - maximum payment as % of household income	4%	4%	4%	4%	4%	
	11 Description of arrearage forgiveness benefit - repayment period	Up to 24 Months	Up to 24 Months	Up to 24 Months	Up to 24 Months	Up to 24 Months	
	12 Average annual income per participant	\$13,502	\$13,027	\$15,492	\$18,015	\$15,454	
	13 Average annual bill per participant	\$708	\$730	\$1,156	\$1,236	\$875	
	14 Average arrearage balance per participant	\$60	\$137	\$57	\$145	\$180	
	15 Average annual affordability benefit per participant	\$232	\$225	\$423	\$414	\$223	
	16 Average annual arrearage forgiveness benefit per customer	\$83	\$83	\$121	\$94	\$129	
	17 Average total benefit per participant	\$227	\$221	\$423	\$426	\$230	
3	Cost and Cost Recovery						
	18 Annual budget	\$50,000.00	\$70,000.00	\$70,000.00	\$76,750.00	\$113,333.00	2/
	19 Actual revenue see explanation at page 7 of report.	\$38,702.46	\$68,096.49	\$69,281.52	\$69,529.40	\$90,905.17	
	20 Annual cost	\$52,944.87	\$45,881.98	\$108,311.06	\$135,986.22	\$44,676.33	
	21 Surcharge (\$/decatherm)	\$0.01393	\$0.02295	\$0.02295	\$0.02571	\$0.04005	2/
	22 Annual cost of surcharge for average residential customer who uses 900 therms (90 decatherms) of gas per year.	\$1.32	\$2.07	\$2.07	\$2.31	\$3.60	2/
	23 Tracker balance as of year-end.	(\$19,249.06)	\$2,965.45	(\$36,064.09)	(\$106,020.91)	(\$59,792.07)	
4	Participation						
	24 % of LIHEAP customers that participated in GAP	19%	14%	16%	19%	12%	
	25 Number of participants enrolled as of year-end	189	157	206	275	141	
	26 Number of participants enrolled and receiving benefits at some time during the year	224	188	259	347	185	
	27 Whether a waiting list occurred at any time during the year	No	No	No	No	No	
	28 If so, the number of customers on the waiting list and for how long	N/A	N/A	N/A	N/A	N/A	

GREAT PLAINS NATURAL GAS CO.
GAS AFFORDABILITY REPORTING 2022
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Section	Lines		2020	2021	2022	2023	2024
5	Impact on disconnect rates						
	Disconnection rates - non GAP LIHEAP baseline						
	29	GAP participants	0%	1%	2%	1%	2%
	30	Non-GAP LIHEAP customers	0%	3%	7%	12%	10%
	31	Non-LIHEAP residential customers	0%	2%	3%	3%	3%
	Disconnection rates - pre-program baseline		2020	2021	2022	2023	2024
	32	GAP participant cohort	0%	1%	2%	1%	2%
	33	GAP participants cohort before they were enrolled in GAP	1%	1%	1%	2%	1%
6	Impact on payment frequency		2020	2021	2022	2023	2024
	Dollars paid ÷ by dollars requested						
	Non-GAP LIHEAP Baseline						
	34	GAP participants	59%	42%	64%	66%	73%
	35	Non-GAP LIHEAP customers	21%	17%	25%	24%	21%
	36	Non-LIHEAP residential customers	79%	76%	96%	89%	91%
	Pre-Program Baseline		2020	2021	2022	2023	2024
	37	GAP participants cohort	59%	42%	64%	66%	73%
	38	GAP participant cohort before they were enrolled in GAP	42%	11%	24%	38%	27%
7	Number of payment made ÷ number of payments requested						
	Non-GAP LIHEAP baseline		2020	2021	2022	2023	2024
	39	GAP participants	54%	46%	63%	64%	81%
	40	Non-GAP LIHEAP customers	38%	36%	44%	48%	49%
	41	Non-LIHEAP residential customers	82%	78%	88%	87%	87%
	Pre-Program Baseline						
	42	GAP participants cohort	54%	46%	63%	64%	81%
	43	GAP participant cohort before they were enrolled in GAP	43%	29%	46%	53%	51%
8	Impact on arrears						
	% Customers in arrears						
	Non-GAP baseline		2020	2021	2022	2023	2024
	44	GAP participants	13%	8%	9%	9%	9%
	45	Non-GAP LIHEAP customers	24%	16%	22%	21%	20%
	46	Non-LIHEAP residential customers	10%	9%	9%	9%	10%
	Pre-Program baseline		2020	2021	2022	2023	2024
	47	GAP participant cohort	13%	8%	9%	9%	9%
	48	GAP participant cohort before they were enrolled in GAP	37%	34%	27%	29%	14%

GREAT PLAINS NATURAL GAS CO.
GAS AFFORDABILITY REPORTING 2022
Information as required and approved in September 28, 2018 Order-Docket No. G-004/M-16-495

Section Lines

9	Dollar amount of arrears					
	%Change in dollar amount of arrears (non-GAP LIHEAP baseline)	2020	2021	2022	2023	2024
49	GAP participants	-66%	129%	-58%	154%	24%
50	Non-GAP LIHEAP customers	0%	-13%	16%	31%	-19%
51	Non-LIHEAP residential customers	36%	0%	20%	-4%	-41%
	Dollar amount of arrears (pre-program baseline)	2020	2021	2022	2023	2024
52	GAP participants cohort	\$59.86	\$137.37	\$57.18	\$145.16	\$179.72
53	GAP participant cohort before they were enrolled in GAP	\$116.24	\$382.26	\$314.99	\$221.98	\$351.19
10	Complaints	2020	2021	2022	2023	2024
54	Number of complaints	0	0	0	0	0
55	Nature of complaints	N/A	N/A	N/A	N/A	N/A
11	Retention	2020	2021	2022	2023	2024
56	GAP participant retention rate	84%	83%	80%	79%	76%
12	Impact on collection activity	2020	2021	2022	2023	2024
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	Reduced collections by increasing pymts	Reduced collections by increasing pymts
13	Coordination with other programs	2020	2021	2022	2023	2024
58	Page(s) of report where coordination efforts described	Report filed on March 31, 2021, Page 11.	Report filed on March 31, 2022, Page 12.	Report filed on March 31, 2023, Pages 15-16.	Report filed on March 29, 2024, Pages 14-16.	Report filed on March 31, 2025, Pages 14-15.

- 1/ The January 18, 2023 Final Order in Docket No. G-004/M-22-255 discontinued the GAP three-year evaluation reports. Starting with 2023, reflects the docket number for the most recent annual report approved the Commission.
- 2/ Proration of \$97,000 annual budget and surcharge of \$0.03399 for January - August 2024 and the \$146,000 annual budget and surcharge of \$0.05218 effective September 1, 2024.

**GREAT PLAINS NATURAL GAS CO.
COST-EFFECTIVENESS ANALYSIS
PROGRAM YEARS 2020-2024**

	2020	2021	2022	2023	2024	Total	Average
GAP Costs							
Affordability Component	\$ 43,569	\$ 37,296	\$ 97,651	\$ 128,049	\$ 37,631	\$ 344,196	\$ 68,839
Arrears Forgiveness	\$ 6,625	\$ 5,086	\$ 7,160	\$ 7,937	\$ 2,195	\$ 29,004	\$ 5,801
	\$ 50,195	\$ 42,382	\$ 104,811	\$ 135,986	\$ 39,826	\$ 373,200	\$ 74,640
Administrative Costs – Internal 1/	\$ 20,386	\$ 17,763	\$ 27,227	\$ 36,895	\$ 20,292	\$ 122,563	\$ 24,513
Administrative Costs – Third Party	\$ 2,750	\$ 3,500	\$ 3,500	\$ 3,500	\$ 4,850	\$ 18,100	\$ 3,620
	\$ 23,136	\$ 21,263	\$ 30,727	\$ 40,395	\$ 25,142	\$ 140,663	\$ 28,133
Total GAP Costs	\$ 73,330	\$ 63,645	\$ 135,538	\$ 176,381	\$ 64,968	\$ 513,863	\$ 102,773
GAP Savings							
Write Offs	\$ 501	\$ 910	\$ 2,839	\$ 4,118	\$ 2,206	\$ 10,573	\$ 2,115
Service Disconnections/Reconnections	\$ -	\$ 846	\$ 2,298	\$ 6,921	\$ 2,720	\$ 12,785	\$ 2,557
Collection Activities	\$ 512	\$ 540	\$ 921	\$ 1,039	\$ 636	\$ 3,648	\$ 730
Total GAP Savings	\$ 1,013	\$ 2,295	\$ 6,059	\$ 12,077	\$ 5,562	\$ 27,007	\$ 5,401
Net Cost of Rate Payers	\$ 72,317	\$ 61,350	\$ 129,479	\$ 164,303	\$ 59,406	\$ 486,856	\$ 97,371

1/ Costs are estimated based on employee time and not recovered through the GAP charge

	2020	2021	2022	2023	2024
Total Participants	224	188	259	347	185