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August 11, 2014

Dr. Burl Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, Minnesota 55101

Re: Great Plains Natural Gas Affordability Program Evaluation Report Compliance  
Filing in Docket No. G004/M-07-1235

Dear Dr. Haar:

On June 2, 2014 Great Plains Natural Gas Co. (Great Plains) submitted its Gas Affordability Program Evaluation Report (Report) in the above referenced docket. On July 30, 2014, the Minnesota Department of Commerce submitted comments on Great Plains' Report. Great Plains respectfully submits the following Reply Comments in response to the Department's comments.

If you have any questions regarding this filing, please contact me at (701) 222-7856, or Brian Meloy, at (612) 335-1451.

Sincerely,

By/s/ *Tamie Aberle*

Tamie A. Aberle  
Director of Regulatory Affairs

cc: Brian Meloy

**STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

<b>Beverly Jones Heydinger</b>	<b>Chair</b>
<b>Nancy Lange</b>	<b>Commissioner</b>
<b>David C. Boyd</b>	<b>Commissioner</b>
<b>Dan Lipschultz</b>	<b>Commissioner</b>
<b>Betsy Wergin</b>	<b>Commissioner</b>

<b>In the Matter of Great Plains</b>	)	
<b>Natural Gas Co.'s Gas Affordability</b>	)	<b>Docket No. G-004/M-07-1235</b>
<b>Program</b>	)	
	)	<b>Reply Comments of Great</b>
<b>Pilot Evaluation Report</b>	)	<b>Plains Natural Gas Co.</b>

Pursuant to the Minnesota Public Utilities Commission's ("Commission") October 15, 2012 Order issued in the above referenced docket, on June 2, 2014, Great Plains Natural Gas Co. ("Great Plains") submitted its Gas Affordability Program ("GAP") Evaluation Report, focusing on GAP program years 2011 through 2013 ("Report"). Great Plains respectfully submits the following Reply Comments in response to comments filed by the Minnesota Department of Commerce ("Department") on July 30, 2014, in the above referenced proceedings.

**I.  
BACKGROUND**

In its Report, Great Plains explained that despite several significant improvements made to the Program in recent years, GAP has not proven to be cost-effective from a ratepayer perspective. This conclusion was supported in the Report's "Financial Evaluation." Great Plains also noted that GAP has been significantly

underutilized by Qualified Customers, resulting in a positive GAP balance of \$86,048.46 as of April 30, 2014 - despite the fact that the GAP cost adjustment charge was set to \$0.0 per dekatherm (Dk) effective with service rendered on and after October 19, 2012. As a result, Great Plains concluded that the Commission has a reasonable basis upon which to conclude that a GAP for Great Plains' service territory is no longer in the public interest pursuant to Minn. Stat. § 2168.16, Subd. 15.

Great Plains did note, however, that if the Commission believes that Great Plains' GAP should continue beyond 2014, the GAP cost adjustment charge should remain at \$0.0 per Dk and that Great Plains' GAP continue in effect until the positive GAP balance is returned to Qualified Customers through GAP. Great Plains stated that should the GAP continue, Great Plains may propose additional programmatic changes intended to encourage increased GAP participation.

In its July 30 Comments at page 3, the Department acknowledges that Great Plains' "GAP participation has been underutilized and that the costs to ratepayers have outweighed the benefits," but notes that "[t]he net cost to ratepayers would be reduced if administrative costs are reduced." The Department, therefore, requests that the Company provide additional detail on the amount of specific administrative costs incurred. The Department further requests that Great Plains describe what GAP changes it might propose to encourage more GAP participation and an estimate of any additional cost resulting from such changes. Finally, the Department recommends the Company continue the existing GAP program until the existing tracker balance is used. Great Plains responds to the Department's comments and recommendation below.

## II. DISCUSSION

### A. GAP Administrative Cost Detail

As noted, in its July 30, 2014 Comments, the Department requested more detail on the costs included in Great Plains' GAP administrative costs used in the Financial Evaluation of the program. Great Plains' internal administrative costs associated with the program, but not recovered under the GAP funding included the following:

	Administrative Costs		
	2011	2012	2013
Hours Per Month-GAP Processing			
October-February - 50 hours/month:	\$7,342.50	\$7,485.00	\$7,637.50
March-September 25 hours/month:	5,139.75	5,239.50	5,346.25
	\$12,482.25	\$12,724.50	\$12,983.75
Printing GAP material costs-mailing	\$407.00	\$407.00	\$407.00
Administrative Costs – Internal	<b>\$12,889.25</b>	<b>\$13,131.50</b>	<b>\$13,390.75</b>
Administrative Costs – Third Party Fee	<b>\$2,500.00</b>	<b>\$2,500.00</b>	<b>\$2,500.00</b>

The third-party administrative costs charged to GAP and included in the Report's Financial Evaluation, were the contract fees paid to the third party administrator (West Central MN Communities Action, Inc.). Internal administrative costs were not charged to the GAP, but were included in the Financial Evaluation. Even if Great Plains were to remove internal costs from the Financial Evaluation of GAP, the program would remain a net cost to ratepayers. As shown in Table 3 of Great Plains June 2 Report, the final "net cost to ratepayers" significantly exceed the amount of internal costs recorded each year from 2011-2013.

## **B. Program Changes**

In its July 30, 2014 Comments, the Department requested that Great Plains describe changes it was considering to encourage GAP participation. Great Plains is currently in the process of investigating an alternative third party provider to assist with outreach and program management. Great Plains' current third-party vendor, West Central MN Communities Action Inc., has identified concerns with their abilities to aggressively promote and manage the program given current staffing levels and the time necessary to process the Low Income Energy Assistance Program applications simultaneously. A renewed focus on GAP from a different third-party administrator may improve participation.

## **C. Department Recommendation**

In its July 30 Comments, the Department recommends the Company continue the existing GAP program until the existing tracker balance is used. While Great Plains continues to believe that its Report supports the termination of the GAP pilot program after completion of the 2014 program year due to the underutilization of the program by customers and the net cost to ratepayers for the GAP, Great Plains' does not oppose the Department's recommendation. In the interim, the Company will continue its discussions with potential third party vendors.

**III.  
CONCLUSION**

Great Plains appreciates the Department's Comments and respectfully requests that the Commission accept its GAP Report.

**Dated: August 11, 2014**

**Respectfully submitted,**

*By/s/ Tamie Aberle*

Tamie A. Aberle

Director of Regulatory Affairs  
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