

April 18, 2015

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G022/M-16-233

Dear Mr. Wolf:

Attached are the *Comments* of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Greater Minnesota Gas, Inc. (GMG, the Company) Gas Affordability Program (GAP)
Annual Report for 2015.

The filing was submitted on March 17, 2016.

The petitioner is:

Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas Company, Inc.
202 South Main Street
Le Sueur, Minnesota 56058

The Department recommends that the Minnesota Public Utilities Commission (Commission) accept the GAP report provided by GMG.

The Department is available to answer any questions that the Commission may have.
Sincerely,

/s/ MICHAEL RYAN
Rates Analyst

MR/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. G022/M-16-233

I. BACKGROUND

On March 17, 2016, Greater Minnesota Gas, Inc. (GMG or the Company) filed the Gas Affordability Program (GAP) Annual Report for 2015 with the Minnesota Public Utilities Commission (Commission).

Minn Stat. §216B.16, Subd. 15 requires public utilities serving low-income residential ratepayers who use natural gas for heating to file an affordability program with the Minnesota Public Utilities Commission (Commission). Low-income residential ratepayers are defined by the statute as ratepayers receiving energy assistance from the Low-Income Home Energy Assistance Program (LIHEAP). The statute requires that any affordability program 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.

In a series of Orders in each respective docket,¹ the Commission required utilities to report the following information in their annual reports:

¹ See *Order Accepting Compliance Filings Regarding Gas Affordability Program and Requiring Further Action*, November 18, 2009, and *Order Accepting Gas Affordability Program Reports, Deferring Action on Another, and Requiring Further Action*, September 22, 2010 in Docket Nos. G004/M-07-1235, G007,011/M-07-1131, G008/GR-05-1380, G001/M-07-1295, G002/GR-06-1429, and G022/CI-08-1175.

- Customer payment frequency (including partial and late payment information);
- Disconnections;
- Payment amounts;
- Customer Payment history;
- Arrearage levels;
- Coordination with other available low-income payment assistance and conservation resources; and
- Customer complaints.

Additionally, in its December 29, 2011 Order² the Commission required all natural gas utilities to:

- Implement an application processing goal;
- Assess periodically whether the use of their third-party administrator is the most effective and efficient arrangement;
- Require the third-party administrator to make the GAP application available on their website;
- Provide reminders to GAP participants when payments are missed; and
- Cross-promote GAP with other programs.

On August 23, 2012, GMG submitted its GAP Pilot Evaluation Report for Docket No. G022/CI-08-1175 and requested that the Commission allow the Company to terminate the GAP, contending that the administrative cost of the program exceeded the benefit to customers. The Company's alternative was to modify the GAP if termination were not allowed. On October 12, 2012, the Commission extended the GAP program for two years through December 31, 2014. The Commission also authorized GMG to suspend the tracking, reporting, and customer awareness requirements of the gas affordability pilot program. The Order stated that the Company should work with the Department and Commission staff to develop alternative reporting requirements.

The Company filed a red-lined version of the tariff to comply with the Commission Order for the two-year extension on October 23, 2012. Shortly after the compliance was filed, the Company followed up on December 20, 2012 with an additional compliance filing. GMG was required in the October 12, 2012 Order to follow up with the Department and Commission staff in a timely fashion to discuss alternative reporting requirements. The Company stated in the December 20, 2012 compliance filing that "GMG contacted staff and setup a meeting on November 15, 2012 to discuss the alternate reporting requirements with a follow-up meeting on November 29, 2012." GMG provided the revised tariff sheets reflecting what they believed were the agreed-upon reporting requirements. No objections were filed.

The tariff language filed December 20, 2012 requires GMG to annually track and report the following information:

² Order Accepting Gas Affordability Program Reports and Requiring Further Action, December 29, 2011 in Docket Nos. G004/M-07-1235, G007,011/M-07-1131, G008/GR-05-1380, G001/M-07-1295, G002/GR-06-1429, and G022/CI-08-1175.

1. Total number of customers that received a LIHEAP grant during the previous year;
2. Total number of customers that participated in GAP during the previous year;
3. Total number of customers removed from GAP during the course of the year;
4. Total dollars billed to customers in GAP by GMG during the year;
5. Total dollars paid by LIHEAP on behalf of customers in GAP during the year;
6. Total dollars paid by customers in GAP during the year; and
7. Total dollars in credits issued to customers in GAP as a result of the Affordability Component and the Arrearage Forgiveness Component during the year.

In an Order dated September 25, 2013,³ the Commission required utilities to include a summary schedule in their annual reports that includes the following information:

- average annual affordability benefit received per customer;
- average annual arrearage forgiveness benefit received per customer;
- percentage of LIHEAP customers that participated in GAP;
- disconnection rates for (a) GAP customers, (b) LIHEAP-non-GAP customers, and (c) non-LIHEAP customers (all firm customers including Commercial and Industrial C&I);
- number of GAP participants enrolled as of year-end;
- number of GAP participants enrolled and receiving benefits at some time during the year;
- annual program budget;
- actual program revenue;
- actual program cost;
- GAP tracker balance as of year-end; and
- GAP rate-affordability surcharge (\$/therm).

Finally, the Commission's September 29, 2015 Order⁴ stated:

Each utility shall include in its next Annual Compliance Report an explanation of why it does not assess the GAP surcharge against Interruptible Sales and Transportation Customers, a proposal evaluating cost allocation methods for its GAP program, and the recalculated surcharge for various alternatives if Interruptible Sales and Transportation Customers were included.

In its September 29, 2015 Order in Docket No. G022/M-15-315 (Docket 15-315), the Commission gave GMG the following directives:

³ *Order Accepting Gas Affordability Program Reports*, September 25, 2013 in Docket Nos. G004/M-07-1235, G007,011/M-07-1131, G008/GR-05-1380, G001/M-07-1295, G002/GR-06-1429, and G022/CI-08-1175.

⁴ Docket Nos. G008/M-15-307, G002/M-15-314, G011/M-15-308, G004/M-15-306, G001/M-15-309, G022/M-15-315.

1. Greater Minnesota Gas Inc. shall extend its pilot GAP program for a period of one year (until December 31, 2016).
2. Greater Minnesota Gas Inc. shall file an updated tariff, within 10 days of the date of this order, to reflect the revised term of the Program.
3. Greater Minnesota Gas Inc. shall provide accurate and up-to-date information about its program on its website within 10 days of this order, and on an ongoing basis. Greater Minnesota Gas Inc. shall demonstrate in its next annual GAP compliance report how it has complied with the statutory requirement that it coordinate this program with other available low-income bill payment assistance and conservation resources.
4. Greater Minnesota Gas shall file its next evaluation report no later than June 1, 2016.

In response to the Commission's Order in Docket 15-315, GMG filed a miscellaneous filing in Docket No. G022/M-15-855 on September 25, 2015 proposing a substantial change to its GAP tariff. As part of the filing, GMG identified its intention to contract with the Energy Cents Coalition (ECC) for certain administrative functions required for GMG's GAP. The Commission approved GMG's proposal, with the following additional requirements:

1. Required GMG to operate its Gas Affordability Program as a pilot program until such time as the Commission determines the program to be permanent and orders that GMG's tariff be updated to make the program permanent.
2. Required GMG to include a comparison of service disconnection rates for GAP customers, non-GAP LIHEAP customers, and Non-LIHEAP customers in its annual filings and in its March 31, 2019 program.
3. Required GMG, in addition to its annual GAP reporting requirements, to file a comprehensive evaluation report by March 31, 2019, discussing and assessing its GAP from January 1, 2016 through December 31, 2018.
4. Required GMG to file updated tariff sheets within ten days of this Order.

GMG's approved GAP tariff requires the Company to track and report the following information beginning January 1, 2016:

1. Average annual affordability benefit received per customer;
2. Average annual arrearage forgiveness benefit received per customer;
3. Percentage of LIHEAP customers that participated in GAP;
4. Disconnection rates for GAP participants, LIHEAP – non-GAP customers, and non-LIHEAP customers (all firm customers including commercial and industrial);
5. Number of GAP participants enrolled as of year-end;
6. Number of GAP participants enrolled and receiving benefits at some time during the year;
7. Annual program budget;
8. Actual program revenue;
9. GAP tracker balance as of year-end; and,
10. GAP rate-affordability surcharge (\$/therm) (after implementation).

II. ANALYSIS

Since GMG's 2015 GAP Report includes information pertaining to the 2015 GAP program year, the Department reviewed the information provided by GMG in light of the reporting requirements in place prior to approval of GMG's revised GAP in Docket No. G022/M-15-855, which became effective on January 1, 2016. Table 1 below is meant to summarize the information provided by GMG and summarize the Department's stance on whether GMG did provide the information required.

Table 1. Data Required in Tariff Prior to Docket No. G022/M-15-855

| Item No. | Information Required | GMG 2015 Annual GAP Report | GMG Provided the Information? |
|----------|---|---|-------------------------------|
| 1. | No. Customers Receiving LIHEAP | 66 | Yes |
| 2. | No. Customers Participating in GAP in 2015 | 27 (16 remained for the full year) | Yes |
| 3. | No. Customers Removed from GAP in 2015 | 12 (11 failed to comply; 1 moved) | Yes |
| 4. | Total Dollars Billed to GAP Customers | \$19,070.31 (\$12,609.74 for 16 customers participating the full year) | Yes |
| 5. | Total Dollars Paid by LIHEAP on behalf of GAP Customers | \$3,8189.00 | Yes |
| 6. | Total Dollars Paid by GAP Customers | \$16,293.78 (\$12,003.15 by 16 customers participating the full year) | Yes |
| 7. | Total Dollars in Credits Issued to Customers in GAP | Total: \$3,672.00 Affordability Component: \$2,040.00 Arrearage Forgiveness Component: \$1,632.00 | Yes |

GMG stated that it was not required to track any additional information in 2015, but that it is aware that the reporting requirements have changed going forward. GMG made efforts to provide some of the additional information that will be required starting with the 2016 program year. Table 2 below summarizes the additional information provided by GMG.

Table 2. Data Required in the 2016 GAP Report

| Item No. | Information Required | GMG 2015 Annual GAP Report | GMG Provided the Information? |
|----------|--|---|-------------------------------|
| 1. | Average Annual Affordability Benefit per Customer | \$75.56 (\$102.00 if customer completed entire year) | Yes |
| 2. | Average Annual Arrearage Forgiveness per Customer | \$60.44 (\$102.00 if customer completed entire year) | Yes |
| 3. | Percentage of LIHEAP Customers Participating in GAP | 41% | Yes |
| 4. | Disconnection Rates for GAP Participants, LIHEAP, and non-LIHEAP Customers | GMG addressed, but claims to not have easily ascertainable means to provide | No |
| 5. | No. of GAP Participants Enrolled at Year-end | 16 | Yes |
| 6. | No. of GAP Participants Receiving Benefits at some time During the Year | 27 | Yes |
| 7. | Annual Program Budget | \$0; due to negligible customer participation | Yes |
| 8. | Actual Program Revenue | \$0 | Yes |
| 9. | Actual Program Cost | \$2,800 Estimated | Yes |
| 10. | GAP Tracker Balance as of Year-end | \$7,188.50 | Yes |
| 11. | GAP Rate-affordability Surcharge (\$/therm) | \$0; GMG did not collect | Yes |

The Department concludes that the Company provided all of the information pursuant to the tariff requirements in effect for 2015, and that GMG also took the effort to provide information that will be required for the 2016 GAP report. The Department notes that the following will have to be addressed for the 2016 annual filing, but was not required for the 2015 report:

- Explanation of why the Company does not assess the GAP surcharge against Interruptible Sales and Transportation Customers;
- Proposal evaluating cost allocation methods for its GAP program;
- Recalculated surcharge for various alternatives if Interruptible Sales and Transportation Customers were included; and
- Demonstrate how the Company coordinates this program with other available low-income bill payment assistance and conservation resources.

III. RECOMMENDATION

The Department recommends that the Commission accept the 2015 GAP Report submitted by Greater Minnesota Gas.

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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
Comments**

Docket No. G022/M-16-233

Dated this 18th day of April 2016

/s/Sharon Ferguson

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|-----------|-------------------------------|------------------------------------|---|--------------------|-------------------|------------------------|
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| Kristine | Anderson | kanderson@greatermngas.com | Greater Minnesota Gas, Inc. | 202 S. Main Street Le Sueur, MN 56058 | Electronic Service | No | OFF_SL_16-233_M-16-233 |
| Sharon | Ferguson | sharon.ferguson@state.mn.us | Department of Commerce | 85 7th Place E Ste 500 Saint Paul, MN 551012198 | Electronic Service | No | OFF_SL_16-233_M-16-233 |
| John | Lindell | agorud.ecf@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130 | Electronic Service | Yes | OFF_SL_16-233_M-16-233 |
| Eric | Swanson | eswanson@winthrop.com | Winthrop Weinstine | 225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629 | Electronic Service | No | OFF_SL_16-233_M-16-233 |
| Daniel P | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | 121 7th Place East Suite 350 St. Paul, MN 551012147 | Electronic Service | Yes | OFF_SL_16-233_M-16-233 |