



October 9, 2008

Eric F. Swanson
Direct Dial: (612) 604-6511
Direct Fax: (612) 604-6811
eswanson@winthrop.com

VIA E-FILING AND U.S. MAIL

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

RE: In the Matter of Greater Minnesota Gas, Inc.'s Failure to File an Affordability Program
Under Minn. Stat. § 216B.16, Subd. 15
MPUC Docket No. G-022/CI-08-1175

Dear Dr. Haar:

Enclosed please find Greater Minnesota Gas, Inc.'s Gas Affordability Plan and Summary of Filing in the above-referenced docket. The document has been filed with the E-Docket system and served on the attached service list. Also enclosed is our Affidavit of Service.

Very truly yours,

WINTHROP & WEINSTINE, P.A.

/s/ Eric F. Swanson

Eric F. Swanson

Enclosures

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101-2147

In the Matter of Greater Minnesota Gas, Inc.'s
Failure to File an Affordability Program Under
Minn. Stat. § 216B.16, Subd. 15

Docket No. G-022/CI-08-1175

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Mary G. Holly, of the City of Lake Elmo, County of Washington, the State of Minnesota, being first duly sworn, deposes and says that on the 9th day of October, 2008, she served the attached **Gas Affordability Program Summary of Greater Minnesota Gas, Inc.** to all said persons on the attached Service List, true and correct copies thereof, by E-filing and/or by depositing the same enclosed in an envelope, postage prepaid in the United States Mail in the post office at Minneapolis, Minnesota.

/s/ Mary G. Holly
MARY G. HOLLY

Subscribed and sworn to before me this
9th day of October, 2008.

/s/ Jane E. Justice
Notary Public

My Commission Expires: January 31, 2010

(10/06/08)

SERVICE LIST

Burl W. Haar
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101-2147

Sharon Ferguson
Minnesota Department of Commerce
85 Seventh Place East, Suite 500
St. Paul, MN 55101

Julia Anderson
Minnesota Office of the Attorney General
1400 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101-2131

John Lindell (OAG-RUD)
Minnesota Office of the Attorney General
900 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101

Kevin Alishouse
Greater Minnesota Gas, Inc.
315 1/2 South Minnesota Avenue, Suite 201
St. Peter, MN 56082

Pam Marshall
Energy CENTS Coalition
823 East Seventh Street
St. Paul, MN 55106

Nissa Olson
Greater Minnesota Gas, Inc.
315 1/2 South Minnesota Avenue, Suite 201
St. Peter, MN 56082

Eric F. Swanson, Esq.
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd
J. Dennis O'Brien
Thomas Pugh
Phyllis A. Reha
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Greater Minnesota Gas, Inc.'s
Failure to File an Affordability Program Under
Minn. Stat. § 216B.16, Subd. 15

Docket No. G-022/CI-08-1175

SUMMARY OF FILING

Please take notice that on October 9, 2008, Greater Minnesota Gas, Inc. filed its Gas Affordability Program with the Minnesota Public Utilities Commission (the "Commission") pursuant to Minn. Stat. § 216B.16, subd. 15. Greater Minnesota Gas, Inc.'s Gas Affordability Program is designed to assist qualified low-income residential ratepayers in managing and in paying their natural gas bills by waiving the customer's monthly facility charge and establishing arrearage forgiveness in certain circumstances.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner
Betsy Wergin	Commissioner

In the Matter of Greater Minnesota Gas, Inc.'s
Failure to File an Affordability Program Under
Minn. Stat. § 216B.16, Subd. 15

Docket No. G-022/CI-08-1175

GREATER MINNESOTA GAS, INC.'S GAS AFFORDABILITY PROGRAM

I. INTRODUCTION

Greater Minnesota Gas, Inc. ("GMG" or the "Company") submits its proposal to establish a Gas Affordability Program ("GAP") in compliance with Minnesota Statute § 216B.16, subd. 15. Minnesota Statute § 216B.16, subd. 15 requires the Minnesota Public Utilities Commission ("Commission") to consider ability to pay as a factor in setting utility rates and authorizes the Commission to establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low income utility customers.

Subsection (a) of the amended statutes states in part:

By September 1, 2007, a public utility serving low-income residential ratepayers who use natural gas for heating must file an affordability program with the commission. For purposes of this subdivision, "low-income residential ratepayers" means ratepayers who receive energy assistance from the low income home energy assistance program (LIHEAP).

Under subsection (b) of the amended statute:

(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.

On February 12, 2008, GMG responded via letter to an inquiry from the Commission regarding its GAP. As indicated in its February letter, GMG has been exploring implementation of a GAP that complies with the statutory framework, while adequately reflecting the Company's smaller size. Specifically, GMG only has nine employees and approximately 3,000 residential customers, of which only 27 received LIHEAP assistance in the last year. GMG apologizes for any inconvenience the delay of filing may have caused and looks forward to working with the Commission and interested parties in implementing a GAP that makes sense for GMG and its customers.

II. GREATER MINNESOTA GAS, INC.'S PROPOSAL

The Company's GAP is intended to assist qualified low-income residential customers in managing and paying their natural gas bills by the waiving monthly facility charge for customers who have been qualified for and receive LIHEAP assistance in the current LIHEAP year ("Qualified Customers"). GMG's proposed GAP has four principal components:

- (1) Customer Qualification;
- (2) Establishment of an affordability component, waiver of the monthly facility charge for Qualified Customers;
- (3) Arrearage forgiveness for Qualified Customers; and
- (4) The treatment and recovery of program costs.

Each of these components is addressed in turn.

A. Customer Qualification

Greater Minnesota Gas, Inc.'s GAP is proposed to be available to customers who have been qualified and currently receive assistance from LIHEAP. This qualification requirement is simple, straight-forward, easy to administer and consistent with Minn. Stat. § 216B.16, subd. 15, which indicates that "low-income" residential ratepayers means ratepayers who receive assistance from LIHEAP. Moreover, this qualification requirement ensures coordination with the community assistance agencies in GMG's service territory, as also required by statute, and may provide additional incentive for customers to apply for assistance.

If a Qualified Customer misses two consecutive monthly payments, the customer would be terminated from the GAP program and will be subject to GMG's regular collection practices, including the possibility of disconnection.

B. Affordability Component-Waiver of Monthly Facility Charge

Greater Minnesota Gas, Inc.'s affordability component consists of a waiver of the monthly facility charge of \$8.00 for Qualified Customers. The waiver of this fee is considered a program cost. Waiving the monthly facility charge will help to offset the costs of natural gas service for low-income ratepayers. This component is consistent with Minn. Stat. § 216.16, subd. 15(b) (1) because it will "lower the percentage of income that participating low-income households devote to energy bills." At the same time, waiving this charge will make administration of the program easier. Moreover, unlike a percentage of total bill-type of adjustment, a waiver of the facility charge creates a predictable program cost that will limit the exposure of GMG's other customers to the costs of this program. With only 3,000 customers to absorb the costs of its GAP, Greater Minnesota Gas, Inc. must be sensitive to the total potential cost of this program.

C. Arrearage Forgiveness

Minn. Stat. § 216B.16, subd. 15(b) (3) requires that a natural gas company's GAP "decrease or eliminate participating customer arrears." As indicated beforehand, GMG is a small company of nine employees servicing approximately 3,000 residential customers, of which only 27 received LIHEAP in the last year. Because of its size and limited resources, GMG's arrearage forgiveness component, like the affordability component, must be straightforward and sensitive to the potential costs to non-participants. Accordingly, GMG proposes an arrearage credit equal to 12 months worth of facility charges (\$96.00). To be eligible for this arrearage forgiveness credit, Qualified Customers must make 12 consecutive months of timely payments. After the 12th consecutive month of timely payments, the Qualified Customer would receive a credit on his or her bill of \$96.00, to either offset any arrearage balance or to appear as a credit going forward to be offset against new gas charges. This arrearage credit is considered a program cost.

D. Program Costs

Minn. Stat. § 216B.16, subd. 15(d) provides that a utility will be allowed to "recover program costs, including administrative costs, on a timely basis." Furthermore, Minn. Stat. § 216B.16, subd. 15 indicates the Commission "must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases." Consistent with this statutory framework, GMG will keep track of how many customers participate in the program, the amount of waived monthly facility fees, and the amount of arrears forgiven. GMG proposes to recover all deferred GAP costs in its next general rate case. GMG does not propose to track the administrative costs associated with this program as proposed.

III. STATUTORY COMPLIANCE

The Company's proposed GAP meets the requirements of Minnesota Statute § 216B.16, subd. 15 as demonstrated below:

1. *lower the percentage of income that participating low-income households devote to energy bills;*

The Company's GAP will reduce a Qualified Customer's percentage of household income devoted to energy bills by waiving the monthly facility charge of \$8.00 per month, lowering participating customer bills by nearly \$100 per year. Additionally, if a Qualified Customer make 12 consecutive timely payments, the percentage of income that customer devotes to energy bills will be further lowered by the arrearage forgiveness component, which provides assistance by retiring pre-program arrears or applying a going forward credit to the bill.

2. *increase participating customer payments over time by increasing the frequency of payments;*

If a Qualified Customer fails to make two consecutive monthly payments under the GAP, the customer will be terminated from the program. This aspect of the program, together with the arrearage forgiveness component, provide an incentive for customers to stay current with their bill.

3. *decrease or eliminate participating customer arrears;*

The arrearage forgiveness component of GMG's proposed GAP consists of a \$96.00 credit that is applied after a Qualified Customer makes 12 months of consecutive on-time payments. This credit is designed to further encourage timely payments and decrease and limit the accumulation of Qualified Customer arrears.

4. *lower the utility costs associated with customer account collection activities; and*

Qualified Customers eligible for GAP are often those with a previous history of disconnection and/or arrears balances. The Company's GAP assists Qualified Customers in meeting their monthly payment obligations. As a result, GMG anticipates a reduction in the number of associated field calls and notices sent to program participants to collect payment from these Qualified Customers.

5. *coordinate the program with other available low-income bill payment assistance and conservation resources.*

GMG works with external agencies, most notably Minnesota Valley Action Council, that help customers with both bill payments and energy conservation initiatives. This network includes energy assistance and county emergency assistance agencies. Each county or energy assistance program also manages federal funding for the purpose of providing energy efficiency programs, including weatherization, emergency repair and replacement of faulty heating equipment. The Company's GAP provides an additional and complimentary mechanism to assist low-income customers. Company personnel will share the Company's GAP proposal with the energy assistance agencies in our service area to encourage Qualified Customer participation.

IV. PROCEDURAL MATTERS

A. Summary of Filing

A one-paragraph summary of the filing accompanies this Petition pursuant to Minnesota Rule 7829.1300, subp. 1.

B. Service of Other Parties

Pursuant to Minnesota Rule 7829.1300, subp. 2, GMG has served a copy of this Petition on the Minnesota Department of Commerce ("Department") and the Office of the Attorney General-Residential Utilities Division ("OAG-RUD") via the E-Docket system.

C. General Filing Requirement

Pursuant to Minnesota Rule 7829.1300, subp. 3, GMG provides the following required information.

1. Name, Address, and Telephone Number of Utility

Greater Minnesota Gas, Inc.
315 ½ South Minnesota Avenue, Suite 201
Saint Peter, MN 56082
Telephone: (888) 931-3411

2. Name, Address, and Telephone Number of Utility Attorney

Eric F. Swanson
Nina Carranco
Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402-4629
Telephone: (612) 604-6511

D. Date of Filing and Date the Proposed Rate or Service Change Will Go Into Effect

GMG is submitting this filing on October 9, 2008, and proposes that the waiver of the facility charge go into effect on the first day of the month following Commission approval.

E. Statute Controlling Schedule for Processing the Filing

GMG is filing its Petition pursuant to Minnesota Statutes, Chapter 216B.16. The statute establishes no procedural schedule for this filing. Pursuant to Minnesota Rules 7829.1400, initial comments are due within 30 days of filing, with reply comments due 10 days thereafter.

F. Utility Employee Responsible for Filing

Nissa Olson
Greater Minnesota Gas, Inc.
315 ½ South Minnesota Avenue, Suite 201
Saint Peter, MN 56082
Telephone: (888) 931-3411

WHEREFORE, Greater Minnesota Gas, Inc. respectfully requests the Minnesota Public Utilities Commission approve Greater Minnesota Gas, Inc.'s Gas Affordability Program.

Dated: October 9, 2008

Respectfully submitted,

WINTHROP & WEINSTINE, P.A.

By: /s/ Eric F. Swanson

Eric F. Swanson, (#188128)
Nina Carranco
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
(612) 604-6400

Attorneys for Greater Minnesota Gas, Inc.

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