STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Ellen Anderson	Chair
David Boyd	Commissioner
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Review of Gas Affordability Programs

Docket Nos. G-001/M-07-1295
G-002/GR-06-1429
G-004/M-07-1235
G-007,011/M-07-1131
G-008/GR-05-1380
G-022-CI-08-1175

UTILITY STAKEHOLDER REPORT

I. Procedural Background

The Minnesota Legislature amended Minn. Stat. § 216B.16, subd. 15 during the 2007 legislative session to require gas utilities to propose low-income affordability programs designed to provide financial assistance to recipients of Low Income Heating Energy Assistance Program (LIHEAP) grants. Such affordability programs are intended to lower the percentage of income that low income households devote to energy bills, to increase customer payments and decrease customer arrears, and to reduce a utility's cost associated with unpaid bills. The Legislature required natural gas utilities that serve low-income residential customers who use natural gas for heating to file individual affordability programs with the Minnesota Public Utilities Commission (MPUC or Commission) by September 1, 2007.

Six Minnesota utilities have established pilot gas affordability programs (GAP). Each utility offering a gas affordability program is required to submit annual reports showing the effectiveness of the program. All of the utilities with gas affordability programs have submitted at least two annual reports.

On November 18, 2009, the MPUC issued an Order accepting the annual compliance filings. The Commission invited any recommendations from a utility work group after the 2009 GAP annual reports, due by March 2010, were available. On April 12, 2010, the Commission issued a Request for Utility Stakeholder Group Report and Comments.

In May 2010, a group of Minnesota Gas Utilities[1] met to discuss and evaluate the GAPs offered by the different utilities. This led to the first Utility Stakeholder Report which was filed May 28, 2010.

On September 8, 2010, the Commission considered the 2009 annual reports and discussed the Utility Stakeholder Group Report. At that meeting, certain questions were raised and topics of interest were identified for the Utility Stakeholder Group (the Group). On September 22, 2010, the MPUC issued an Order accepting the annual compliance reports and requesting that "the Utility Stakeholder Group look into the differences in how utilities treat customer credits and report to the Commission on this issue next year after the 2010 GAP annual reports are filed." The Commission also ordered that "the Utility Stakeholder Group comment, after the 2010 GAP annual reports have been filed, on whether other program design options should be implemented."[2]

On August 13, 2010, CenterPoint Energy filed its Evaluation of Its Gas Affordability Program in Docket No. G-008/05-1380. On November 22, 2010, the Commission issued an Order, among other things, requesting that "the Utility Stakeholder Group review the issue concerning how utilities account for customers who were eligible to participate in a GAP but did not qualify for a GAP credit and report to the Commission on this issue in the Group's next annual report" and that "the Utility Stakeholder Group clarify and

[1] Representatives from CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas , Northern States Power Company, a Minnesota corporation ("Xcel Energy"), Minnesota Energy Resources Corporation ("MERC"), Interstate Power and Light (IPL or Interstate), and Great Plains Natural Gas Co. ("Great Plains"), met and jointly produced the 2010 report. Greater Minnesota Gas also provided input.

[2] Order Accepting Gas Affordability Program Reports, Deferring Action on Another, and Requiring Further Action, Docket Nos. G-001/M-07-1295, G-002/GR-06-1429, G-004/M-07-1235, G-007,011/M-07-1131, G-008/GR-05-1380, G-022-CI-08-1175, September 22, 2010, p. 4.

explain in its next report whether the household energy cost information each utility provides to LIHEAP agencies includes or excludes GAP credits." [3]

In response to the questions, issues, and requests, the Utility Stakeholder Group invited third-party administrators[4] of Gas Affordability Programs to participate in a series of meetings to discuss the relevant topics. This group met in November 2010, February 2011, and May 2011. On April 11, 2011, the Commission issued a Request for Utility Stakeholder Group Report and Comments and the Utility Stakeholder Group hereby submits its report.

II. History and Description of Gas Affordability Programs

CenterPoint Energy. The Commission approved a $5 million per year gas affordability pilot program, effective May 1, 2007, in the Company's 2005 gas rate case (Docket No. G008/GR-05-1380). In 2010, CenterPoint Energy provided an evaluation of its pilot program and proposed certain modifications if the program were to continue beyond its original scheduled conclusion of December 31, 2010. The Commission approved an extension of the program, with modifications, through December 31, 2013. CenterPoint Energy partners with Energy Cents Coalition ("ECC") on both outreach and administration of the Program.

Xcel Energy. The Commission approved a $2.5 million per year pilot program, effective with final rates on February 1, 2008, in the Company's 2006 gas rate case (Docket No. G-002/GR-06-1429). Xcel Energy's pilot program ends on January 31, 2012. In 2009, the Commission approved a Program modification that limits the customer's payment to four percent of income instead of six percent, which was implemented in late December 2009. In 2011, Xcel Energy requested that the program be extended through December 31, 2012. That request is pending. Xcel Energy partners with ECC on both outreach and administration of the Program.

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[3] Order Evaluating Gas Affordability Program, Extending and Modifiyng (sic) Pilot Program, Authorizing Cost Recovery, and Requiring Future Reporting, G-008/GR-05-1380, November 22, 2010, p. 6.

[4] Third-party administrators included the Energy CENTS Coalition ("ECC", administrator for CenterPoint Energy and Xcel Energy), the Salvation Army (administrator for MERC), and SEMCAC (administrator for IPL, was invited but did not participate).

Interstate Power and Light. The Commission approved a $50,000 per year pilot program, effective March 1, 2008 (Docket No. G-001/M-07-1295). Interstate's program is authorized to run for approximately four years, ending on December 31, 2011. Southeastern Minnesota Community Action Council ("SEMCAC"), the regional community agency that enrolls customers for LIHEAP in Interstate's service area, has handled Interstate's outreach and administration for its gas affordability program.

Minnesota Energy Resources Corporation. The Commission approved a $1 million per year pilot program, effective April 1, 2008 (Docket No. G-007,011/M-07-1131). The Company's pilot program will end on December 31, 2011. The Salvation Army performs outreach and administrative functions for MERC's program.

Great Plains Natural Gas. The Commission approved a $50,000 per year pilot program effective June 1, 2008 (Docket No. G-004/M-07-1235). Great Plains' program will end on December 31, 2012. In 2010, the Commission approved a Program modification that limits the customer's payment to four percent of income instead of six percent. Great Plains does its own outreach and enrollment for its program.[5]

Greater Minnesota Gas. The Commission approved Greater Minnesota Gas, Inc.'s ("Greater Minnesota") program effective March 1, 2009 (Docket No. G-022/CI-08-1175). Greater Minnesota's GAP is authorized to run until October 14, 2012. Greater Minnesota Gas does its own outreach and enrollment for its program.

All of the utilities' GAPs have the same goals. The programs are designed to:

- Lower the percentage of income that low-income households must devote to meet current energy bills; and
- Increase the number of customer payments while also providing a mechanism for assisting customers in paying off arrearage balances.

[5] Through the 2010 Program year, Great Plains administered its GAP internally. Beginning in 2011, Great Plains has engaged West Central Minnesota Community Action, Inc. as the third-party administrator of its GAP.

As outlined above, most of the utilities partner with outside providers for both outreach and administration of the Program with two administering their programs internally.

All Minnesota GAPs require customers to receive LIHEAP to qualify for GAP. The majority of the GAPs are designed the same, with the exception of the Greater Minnesota Gas program, which is summarized below. In all other Programs:

- Qualified customers must agree to be placed on a levelized payment plan and a payment schedule;
- Customers are automatically removed from the Program after a nonpayment period of two months;
- The Programs include an Affordability component that consists of bill credits determined by calculating the difference between the estimate of the customer's annual natural gas bill and the applicable income limit of the customer's household income (e.g., limits a customer's payment to either four percent (Xcel Energy and Great Plains) or six percent (CPE, IPL, MERC) of their household income);
- The Programs include an Arrearage Forgiveness component that applies a monthly matching credit to the customer's balance after payment is received. The application of this monthly credit retires pre-program arrears over a period of up to 24 months;
- The Programs are funded through a per therm (or dekatherm) charge.

The Greater Minnesota Gas program does not have separate Affordability and Arrearage Forgiveness monthly credits. Instead, qualified low-income residential customers who receive LIHEAP assistance are entitled to a waiver of the monthly facility charge of $8.50. In addition, once a qualified customer makes twelve consecutive months of timely payments under the Program, the customer receives a bill credit of $102.00, either to offset any arrearage balance or as a credit to offset new charges.

III. Purpose of Report

The GAP Utility Stakeholder Group was originally formed to provide a vehicle for discussion among Minnesota's natural gas utilities about the GAPs that each utility offers. One objective of its work was to identify differences among the Programs and identify opportunities for the Programs to be improved. The first GAP Utility Stakeholder Report filed in 2010 concentrated on how GAPs could or should be evaluated and provided an interim assessment of each utility's Program. The 2010 Report also identified various evaluation or operational issues that were relevant for some or all utilities.

This GAP Utility Stakeholder Report concentrates on the questions raised by the Commission, MPUC Staff, and Department of Commerce-Division of Energy Resources (Department)[6] Staff in the 2010 review of GAPs. As such, it focuses on elements of GAP design, administration, and processes as they may affect outcomes or results of the Programs. The results of the 2010 GAPs were reported in detail in each Company's annual compliance report filed in March 2011.

This Report includes a summary of some of that information to provide some context for the discussion about program design, administration, and processes. This GAP Utility Stakeholder Report also includes consensus observations and identification of possible improvements that may inform future changes to individual utility's GAPs. Each utility is required to perform individual evaluations of their pilot programs as they expire. Based on their particular experience and analysis, individual Companies may draw different conclusions or make different recommendations than are presented here.

We additionally provide the following Program summary comparisons:

Attachment A – Financial Summary
Attachment B – Program Design and Practices
Attachment C – Program Administration

For reference, the table below shows the Programs' size, number of participants and whether a third-party administers the Program. A more complete summary of financial metrics is provided in Attachment A and a more complete summary of Program outcomes is provided in the next section.

[6] Formerly the Office of Energy Security.

Table 1 **2010 Program Overview**

	CPE	XE	MERC	IPL	GP	GMG
Maximum Annual Benefits	$5,000,000 [1]	$2,500,000	$1,000,000	$50,000	$50,000	$21,624
3rd Party Administrator?	Yes	Yes	Yes	Yes	No	No
Total Annual Participation [2]	12,046	12,894	1,695	215	91	15

[1] In 2010, the CPE cap was increased to $6,060,738 to reflect the rollover of unspent funds from prior years, Docket No. G008/M-09-796.
[2] The participation number includes the customers that were enrolled at the end of 2010 and also includes participants that had been enrolled at some point during the year but were de-activated for various reasons. MERC and Greater Minnesota Gas report only the customers that were enrolled at the end of 2010.

IV. Program Design, Administration, and Outcomes

The Utility Stakeholder Group met to discuss the various questions raised by the Commission, MPUC Staff, and Department Staff in the 2010 review of the GAPs. The discussions identified differences and similarities in program design, administration, and practices. The Group concluded that the inter-related nature of these Program elements, along with unique characteristics of each Company's customer group, contribute to differences in each Program's outcomes.[7] These points are illustrated in the 2010 results and are discussed below.

Table 2 **2010 Program Summary**

	CPE	XE	MERC	IPL	GP	GMG
Maximum Annual Benefits	$5,000,000[1]	$2,500,000	$1,000,000	$50,000	$50,000	$21,624
3rd Party Administrator?	Yes	Yes	Yes	Yes	No	No
Total Annual Participation[2]	12,046	12,894	1,695	215	91	15

[7] These outcomes may include the average benefit provided, the average cost of the Program, administrative costs, retention rates, and impact on disconnections.

	CPE	XE	MERC	IPL	GP	GMG
Total Costs	$3,173,061	$2,271,259	$955,567	$35,825	$13,536	$588
Administration Costs	$158,653	$94,118	$50,000	$1628	$0	$57[3]
Admin Costs as Percent of Total	5.0%	4.1%	5.2%	4.5%	0%	9.7%
Tracker Balance Dec. 31, 2010	$2,676,132	$2,355,764	($863,639)	($5,464)	$86,434	$717
Recovery Rate ($/therm)	0.00490	0.00445	0.00390	0.00230	0.002034	N/A

[1] *In 2010, the CPE cap was increased to $6,060,738 to reflect the rollover of unspent funds from prior years, Docket No. G008/M-09-796.*
[2] *The participation number includes the customers that were enrolled at the end of 2010 and also includes participants that had been enrolled at some point during the year but were de-activated for various reasons. MERC and Greater Minnesota Gas report only the customers that were enrolled at the end of 2010.*
[3] *GMG includes carrying costs as an administration cost.*

Please see Attachment A for additional financial information and a definition of the various numbers provided.

Program Design

While each GAP is generally similar at the highest level (affordability and arrears credits are provided to LIHEAP recipients) each also may be different at the level of detail necessary to implement a program of this type. These lower-level program design elements and processes include the following areas: *eligibility, benefit calculation, and program re-enrollment*. The Group examined each Company's Program in these areas and identified various similarities and differences. We believe these and other differences contribute to the variation in results.

In the area of *eligibility*, each Company requires that customers receive LIHEAP in order to be eligible for GAP. There are differences, however, regarding the timing of LIHEAP receipt. For example, CPE requires that customers receive LIHEAP either in the current calendar year or in the preceding October through December in order to be eligible for GAP. In contrast, Xcel Energy requires that customers receive LIHEAP any time within the previous 12 months in order to be eligible for GAP. Therefore, if a customer that received LIHEAP in October 2009 applied for GAP in December 2010, the customer would be eligible for CPE's GAP, but would not be eligible for Xcel Energy's GAP. In this example, the Group believes either method is reasonable, but acknowledges the possible impact on participation rates. Participation rates are discussed more completely in the *Outcomes* subsection, below.

As a follow-up item, the 2010 Utility Stakeholder Group Report included an observation that eligibility for GAP could be expanded beyond those customers that receive LIHEAP. The Group discussed this point again and acknowledges that a statutory change would be required to expand eligibility. The Group does not support such a change at this time. GAP is a supplement to (not a substitute for) LIHEAP and GAP eligibility is therefore appropriately dependent on the receipt of LIHEAP.[8]

As another follow-up item, customers were eligible for and enrolled in CPE's previous GAP even if those customers received no benefit (due to relatively higher income and lower bills). This practice overstated the number of participants, understated the average credit amount, and complicated comparisons among utilities. In the recently modified CPE program, this practice was discontinued. The Group confirmed that no other company enrolls a customer that does not receive a benefit. [9]

In the area of *benefit calculation*, while all GAPs provide monthly affordability and arrearage credits[10], the level of monthly credits varies. This variation can be caused by several factors including design differences in the basis of the affordability credit (e.g., customer payments are limited to six percent of income for IPL customers, but only four percent of income for Xcel Energy customers). Other factors include customer differences in average bills or household income (e.g., MERC believes its relatively higher benefit level is due, in part, to a relatively lower average income of participants combined with a relatively higher bill in portions of its service territory). Differences in the level of arrears credit can be driven by design differences in the duration of arrearage payments or by customer differences in the pre-program arrears balance of participants. For example, MERC customers are offered 24 months to repay arrears

[8] This responds to a question raised by MPUC Staff in Briefing Papers, 9/18/2010, p. 19.
[9] This responds to a request made by the Commission in MPUC Order, 11/22/2010, Pt. 14.
[10] This does not apply to GMG's program as described in Section II.

which, all else being equal, tends to create a lower arrears credit and a lower customer bill. Xcel Energy customers may have a higher level of arrears compared to CPE customers which, all else being equal, tends to create a higher arrears credit. The table below shows differences in average affordability and arrears benefits, repayment periods and arrears balances.

Table 3 Average 2010 Program Benefits

	CPE	XE	MERC	IPL	GP	GMG
Average Affordability Benefit	$300.30	$372.00	$582.50	$231.28	$71.88	$28.90
Basis of Benefit	Customer payment limited to 6% of income	Customer payment limited to 4% of income	Customer payment limited to 6% of income	Customer payment limited to 6% of income	Customer payment limited to 6% of income	Facility fee $8.50, credited monthly. Additional credit of $102 if customer makes 12 consecutive payments.
Average Arrears Benefit	$36.39	$48.00	$20.48	$13.67	$76.92	$6.47
Repayment period for arrears	12-24	12	24	24	12	Payment Agreements negotiated
Arrears balance (GAP participants)[1]	$71	$166	($620)	$563	$(70)	($15)

[1] *Note that cross-company comparison is difficult because balances are reported for differing time periods: CPE, MERC, and IPL are as of 12/31/2010, Xcel is as of 2/2/2011, GP is as of 2/28/2011, and GMG is as of 3/31/2011. For MERC, many GAP participants had a credit balance due to relatively large LIHEAP payments and the accumulation of affordability credits. In addition, Xcel Energy's average arrears balance includes total arrears for combination electric and gas customers.*

Please see Attachment B for additional benefit and design information.

As a follow-up item, the Stakeholder Group confirmed that no company reduces the expected energy bill by the amount of the GAP credit and that no company includes GAP credits when energy cost data is reported to LIHEAP agencies. The Group believes this practice is appropriate.[11]

In the area of *re-enrollment,* each Company has a process to renew or re-enroll customers from one GAP year to the next. The details of each Company's process differ, however, and may contribute to differences in participation or retention rates. Some of these process differences are discussed below.

With the exception of Xcel Energy and IPL, all GAPs renew customers on a calendar-year basis. Xcel Energy and IPL renew GAP customers on a staggered basis using a 12-month anniversary date rather than a calendar (year-end) date. The Group believes either method is reasonable.

As another example, MERC customers are placed on a 24-month arrears payment arrangement and therefore MERC does not require an annual application for the second year of the Program. Consequently, MERC's GAP does not experience the same deactivation rate as those utilities that require annual certification.

Similar to the previous discussion about eligibility, differences in how the timing of the receipt of LIHEAP is considered may also affect a customer's eligibility for renewal. For example, CPE requires customers to receive LIHEAP by December 15th in order for customers to get automatically enrolled for the next GAP year. Xcel Energy requires receipt of LIHEAP any time within the previous 12 months rather than in the current LIHEAP year. This means a customer that receives LIHEAP and applies for GAP in October 2009 would be on GAP from November 2009 through December 2010 for CPE. The same customer would be on GAP from November 2009 through October 2010 for Xcel Energy. By contrast, a CPE customer that receives LIHEAP and applies for GAP in March 2009 would be on GAP through December 2009, and would have to receive LIHEAP again before December 15 to renew for the 2010 GAP year. An Xcel Energy

[11] This responds to a request made by the Commission in MPUC Order, 11/22/2010, Pt. 15.

customer, however, would be on GAP from April 2009 through March 2010, and would have to receive LIHEAP again before their March anniversary date to renew for the next 12 month GAP period.

For those GAPs that operate on a calendar year-basis and require receipt of LIHEAP in the current LIHEAP year (October – December) like CPE, GAP participation rates may temporarily decrease since customers who have not received LIHEAP by the end of the calendar year may be dropped from the program in the following January. On the other hand, customers may be more likely to apply for LIHEAP early in the year (October – December) if they understand their GAP status could be interrupted. The Group believes either method is reasonable, but acknowledges the impact it may have on retention rate.

In a variety of *other areas*, minor program design or process differences among companies may contribute to differences in results. For example, utilities serving larger metro areas may experience higher levels of customer mobility which may decrease retention rates. As another example, as a combination gas and electric company, Xcel Energy GAP customers receive a combined bill for gas and electric service and that may affect customers' payment behaviors compared to gas-only companies.

As a follow-up item, the Group discussed how each Company treats GAP participants that accumulate a credit balance on their account. (Customers may develop a credit balance if their starting arrears balance is low and the combination of their affordability credit, customer payment, and other assistance exceeds their energy bill.) Most companies allow credit balances to accumulate, however Xcel Energy temporarily removes customers whose credit balance exceeds $500 and requires customers to re-enroll after the credit balance is depleted.[12] In the 2010 review of GAPs, a question was raised about how credit balances affect the reported payment frequency. The Group confirmed that no company treated a customer with a credit balance as having missed a

[12] Xcel Energy implemented this practice in an effort to better match GAP benefits to the LIHEAP certification period. The timing of LIHEAP and other energy assistance receipt can create large credit balances, which may be more exaggerated for a combination electric and gas utility.

payment. The Group agreed that, if counted at all, such instances should be recorded as "no payment requested."[13]

Program Administration

In the review of the 2009 GAP compliance reports and the 2010 GAP Utility Stakeholder Group Report, various questions were raised about GAP administration practices and the possible effects they might have on Program outcomes. In response to these questions, the Group discussed the administrative tasks and processes used by each Company including: promotion, application processing, client interaction, process to calculate customer payment, renewal tasks, and data handling, among others. The overall conclusion of the Group was that the administrative tasks are similar whether they are performed internally or by a third-party administrator. Those companies using a third-party administrator have divided these administrative tasks differently depending on the unique billing processes, staffing capabilities, and scale of Program. The Group does not believe there is a single best model for completing these tasks.

For reference, the table below summarizes some metrics on Program Administration for 2010.

Table 4 **2010 Program Administration**

	CPE	XE	MERC	IPL	GP	GMG
Maximum Annual Benefits	$5,000,000	$2,500,000	$1,000,000	$50,000	$50,000	$21,624
3rd Party Administrator?	Yes	Yes	Yes	Yes	No	No
Total Annual Participation[1]	12,046	12,894	1,695	215	91	15
Administration Costs	$158,653	$94,118	$50,000	$1628	$0	$57[2]

[13] This responds to a request made by the Commission in MPUC Order, 9/22/2010, Pt. 3.

	CPE	XE	MERC	IPL	GP	GMG
Administration as Percentage of overall Program	5.0%	4.1%	5.2%	4.5%	0%	9.7%

[1] *The participation number includes the customers that were enrolled at the end of 2010 and also includes participants that had been enrolled at some point during the year but were de-activated for various reasons. MERC and Greater Minnesota Gas report only the customers that were enrolled at the end of 2010.*
[2] *GMG includes carrying costs as an administration cost.*

Please see Attachment C for additional Program administration information.

The discussions on GAP administration identified a few practices that the Group felt were possible improvements that companies should consider for their programs. These ideas were:

- Include GAP applications on administrator websites,
- call or mail reminders to GAP customers after one missed payment to reduce the number of drops due to delinquency (after two missed payments), and
- cross-promotion of GAP with other bill payment and conservation assistance programs.

The Group discussed several follow-up items from the 2010 review of GAPs and concluded:

- Time to process applications
  For at least one Company, there was some delay in processing GAP applications during the start-up period of the Program. However, no company identified a problem with delayed application processing in 2010 or currently. Therefore, the Group does not believe a standard is required. Nonetheless, if the Commission determines it is appropriate to establish an application processing standard, all companies could agree to a goal that states "95% of all complete GAP applications will be processed within 30 days of receipt."

- Option of using a single statewide GAP administrator
  The Group determined that sufficient differences exist among the various programs such that any potential efficiencies gained by using a single

administrator would likely be offset by the company-specific knowledge a central administrator would need to maintain. Similarly, a single administrator would also need to interact with a larger number of individual CAP agencies, some of which may have their own unique processes. Finally, if a single administrator were employed, then some reasonable method to allocate administrator costs among utilities would need to be developed. Because GAP does not operate as a single state-wide program, the Group does not believe using a single state-wide administrator would improve Program results or lower Program costs.

- Coordination with CAP agencies

  The administrative processes for LIHEAP and GAP are largely separate and coordination with CAP agencies is minimal.[14] The Group did not identify any opportunities for improvement in this area. CAP customer referrals to GAP, however, are a valuable promotion for GAP.

- Effectiveness of third-party administrators

  While the various GAP administrators perform largely similar functions, the scope of administrators' tasks does differ. The Group concluded these differences in administration primarily impact administrative costs but do not contribute to differences in GAP results. The Group did not attempt to determine whether one administrator was better than another at processing applications, for example, because of the differences among the programs already discussed.

- In response to a question raised by a Commissioner, the Group discussed whether differences in administration expense contribute to differences in participation. The Group concluded that differences in participation rates are more related to differences in design elements (e.g., benefit calculation and renewal processes) combined with differences in customer base (e.g., annual energy bill, participant income, and mobility). By contrast, the administrative tasks were largely similar across all Companies regardless of whether the tasks were performed internally or by a third-party administrator. The cost of

[14] IPL uses SEMCAC and GP now uses West Central Minnesota Community Action, Inc. as their third-party GAP administrators.

administrative tasks varied across the companies, but such variance may be more related to the number of participants (and the number of applicants) and removal rates than it is related to participation rates.

Outcomes

As shown below and elsewhere in this Report, GAP outcomes vary among the different company Programs. These outcomes include *participation rate, retention rate, arrears impact, payment frequency, and disconnection rate*. As already mentioned, the Group believes these variations are largely attributable to the program design and process differences, combined with customer base differences. Consequently, comparisons of results among companies may be of limited value, and Program evaluations should primarily rely on the specific circumstances of an individual company.

The following discussion attempts to illustrate how differences in program design or customer characteristics are related to differences in outcomes. These outcomes are defined as:

- *Participation rate* is defined as the percentage of a company's LIHEAP customers that participate in and receive credits from GAP.
- *Retention rate* is defined as the complement of the percentage of participants removed from the Program for any reason.
- *Arrears impact* is the relative level of arrears (or relative change in arrears) for GAP participants in relation to other customer groups.
- *Payment frequency* information is reported in several ways by the different companies, but generally attempts to measure the relative number of payments for GAP participants in relation to other customer groups.
- *Disconnection rate* is the percentage of customers whose service was disconnected for non-payment.

Table 5 **2010 GAP Outcomes**

	CPE	XE	MERC	IPL	GP	GMG
Participation rate	27%	43%	12%	7%	5%	44%
Retention rate	76%	48%	88%	74%	85%	100%
Average Affordability credit per participant	$300.30	$372.00	$582.50	$231.28	$71.88	$28.90
Average Arrears Benefit	$36.39	$48.00	$20.48	$13.67	$76.92	$6.47
Payment Frequency, GAP vs. other LIHEAP	31% vs. 24%[1]	43% vs. 44%[1]	12 vs. 7[2]	17 vs. 106[3]	2% vs. 36%[4]	"slight improvement"
Disconnection rate, GAP vs. other LIHEAP	2.9% vs. 7.0%	4% vs. 10%[5]	< 1% vs. 11%	1% vs. 1.4%	6.6% vs. 14.9%	0% vs. 0%

[1] *Payments made as a percentage of payments requested*

[2] *Average number of payments made in the year.*

[3] *Total number of late payments in the year for equal-sized samples*

[4] *Percentage of late payment occurrences in the year for equal-sized samples*

[5] *Includes the impact of combination electric and gas customer disconnections.*

As mentioned, *participation rate* is defined as the percentage of a company's LIHEAP customers that participate in and receive credits from GAP. It is some measure of how "effective" a given program is in serving the customers for whom it was designed. It seems reasonable that participation rates could be influenced by the amount and type of promotion that is done by a Company, however the Stakeholder Group reviewed promotion activity undertaken by each company and found the activities to be largely similar.[15] Participation rates are also influenced by the interaction of program design and customer characteristics.

For example, CPE had a 27% participation rate, but the calculation excludes another 8,771 customers that enrolled in GAP, but did not receive any credits (due to relatively higher income or lower gas bills). If those customers were counted as "participants", the

[15] Promotion activity is documented in Attachment B.

calculated participation rate would have been 47%. This may be similarly true for the other companies.

Another factor influencing participation rates may also be whether a given Program is "fully subscribed." If a Company spends all available GAP funds on a relatively smaller percentage of its LIHEAP population, then that company's participation rate might be "capped" as a result when compared to a company whose Program is not fully subscribed. The table below shows participation rates for 2010.

Table 6 **2010 Participation**

	CPE	XE	MERC	IPL	GP	GMG
Total Annual Participation[16]	12,046	12,894	1,695	215	91	15
Total LIHEAP recipients	44,178	29,807	14,414	3,092	1,964	34
Participation Rate	27%	43%	12%	7%	5%	44%
Reached program funding cap?	No	No	Yes	No	No	No

As previously stated, *retention rate* is defined as the complement of the percentage of participants removed from the Program for any reason. Participants may be removed from a Program for many reasons including: design (e.g., affordability or arrears benefits calculation do not produce a bill that the participants can actually meet) or customer characteristics (e.g., high mobility, relatively lower income or higher gas bills). As an example, MERC customers are placed on a 24-month arrears payment arrangement. The monthly arrears payments are relatively lower than if the arrears were repaid over 12 months and therefore a relatively higher percentage of customers may be able to remain on the Program, all else being equal. As a different example, Xcel Energy

[16] The participation number includes the customers that were enrolled at the end of 2010 and also includes participants that had been enrolled at some point during the year but were de-activated for various reasons. MERC and Greater Minnesota Gas report only the customers that were enrolled at the end of 2010.

combination gas and electric customers may have a higher level of arrears because past due electric bills are included. High arrearage balances may result in lower program retention rates. The table below shows retention rates and the number of participants removed for the top two reasons for Program removal – non-payment and mobility.

Table 7 2010 Retention

	CPE	XE	MERC	IPL	GP	GMG
Retention Rate	76%	48%	88%	74%	85%	100%
Removal for Non-Payment	4,928	3,461	51	26	0	0
Removal for Mobility or other reason	354	3,157	144	30	14	0
Total number removed	5282	6,618[1]	198	56	14	0
Total participants	20,817	12,894	1,695	215	91	15

[1] *The difference between Xcel Energy GAP total participation and participation on Dec. 31, 2010 is 6,775, which includes the impact of participants enrolling and being removed from the program more than once during the calendar year.*

Arrears impact is the relative level of arrears (or relative change in arrears) for GAP participants in relation to other customer groups such as Other LIHEAP recipients or Non-LIHEAP customers. Ideally, GAPs allow participants to reduce (or not increase as much) their level of arrears compared to non-participants. This comparison is difficult, however since the beginning arrears balance, energy usage, and household income for each customer group is different within a given Company. Comparisons across companies are even more difficult since each of the customer characteristics just mentioned vary across companies, as well as possible differences in the design of the arrears credit. The table below shows arrears data for each Company, however the Group cautions against overstating the significance of this metric alone.

Table 8 **2010 Average Arrears by Customer Group**

	CPE[1]	XE[2]	MERC[1]	IPL[1]	GP[3]	GMG[4]
GAP Participants	$71	$166	($620)[5]	$563	($70)	($15)
Other LIHEAP Recipients	$115	$214	$74	$3	$132	$28
Non-LIHEAP Recipients (other Firm customers)	$37	$52	$48	$134	$183	$279
Percent “reduction” in arrears, GAP vs. other LIHEAP (impact)	38%	22%	Not meaningful	No “reduction”	Not meaningful	154%
Average Arrears Benefit	$36.39	$48.00	$20.48	$13.67	$76.92	$6.47

[1] *As of December 31, 2010.*
[2] *As of February 2, 2011; includes arrears for combination electric and gas customers.*
[3] *GAP Participants and Non-LIHEAP as of 2/28/2011. Other LIHEAP Recipients as of 10/1/2010.*
[4] *As of March 31, 2011.*
[5] *MERC’s current GAP customers have little arrears remaining; in fact the majority of the participants had a large credit balance as of December 31, 2010.*

Payment frequency information is reported in several ways by the different companies and therefore, cross-company comparisons of specific metrics are not meaningful. Each company’s metric, however, does indicate that GAP participants have “improved” payment behavior compared to Other LIHEAP customers. Because there is no difference in this high-level result, the Group did not attempt to determine whether one specific metric is preferable. The table below shows payment frequency information for each Company.

Table 9 **Payment Frequency by Customer Group**

	CPE	XE*	MERC	IPL	GP	GMG
GAP Participants						
Total Requested	$10,018,707	$17,118,913	N/A	$306,180	N/A	$11,034
Total Payments	$3,073,357	$7,330,502	$647,067	$202,608	2% received	$5,168

	CPE	XE*	MERC	IPL	GP	GMG
	(31%)	(43%)		(66%)	late notices.	(47%)
Average Participant Payment	$59	$47	$36	$79	N/A	$45
Other LIHEAP Customers						
Total Requested	$33,807,538	$21,635,970	N/A	N/A	N/A	N/A
Total Payments	$8,167,706 (24%)	$9,540,126 (44%)	$2,765,489	42% paid late (based on 10% GAP customer sample)	36% received late notices.	No late notices
Payment Frequency, GAP vs. other LIHEAP	31% vs. 24%[1]	43% vs. 44%[1]	12 vs. 7[2]	17 vs. 106[3]	2% vs. 36%[4]	"slight improvement"

** For customers with both electric and gas service, represents payments requested and made for both service types.*

[1] Payments made as a percentage of payments requested

[2] Average number of payments made in the year

[3] Number of late payments in the year for equal-sized samples

[4] Percentage of late payment occurrences in the year for equal-sized samples

Disconnection rate is the percentage of customers whose service was disconnected for non-payment. Ideally, GAPs result in lower disconnection rates for GAP participants than for non-participants. In all cases the disconnection rate is consistently lower than that of non-GAP LIHEAP customers – and in the case of CPE, XE, MERC and GP, the GAP participant disconnection rate is significantly lower. This decrease in service disconnections for GAP customers demonstrates that GAP participants are more likely to maintain continuous utility service than are customers that only receive LIHEAP. The table below shows the disconnection rate by customer group.

Table 10 **2010 Disconnection Rates by Customer Group**

	CPE	XE	MERC	IPL	GP	GMG
GAP Participants	2.9%	4%	< 1%	1%	6.6%	0
Other LIHEAP Recipients	7.0%	10%	11%	1.42%	14.9%	0
Non-LIHEAP Recipients (other Firm customers)	3.5%	2%	4%	1%	4.4%	0.7%

Xcel Energy customers with both electric and gas service receive a single bill for both services. This may affect arrears balance, payments requested and made, and other customer actions.

In response to a table prepared by MPUC Staff in the 2010 review of GAPs, the Group calculated a metric intended to compare Program costs on a participant basis across Companies. The results for 2010 are shown in the table below. Importantly, this calculation creates a more-comparable metric by dividing benefits (affordability or arrearage forgiveness) by only those participants that receive those respective benefits. This shows a range of annual arrears credit per recipient ($6.47 for GMG to $76.92 for GP). Several factors may contribute to these differences such as differences in how arrears credits are calculated, and differences in the beginning level of arrears. The table also shows a range of annual affordability credit per recipient ($28.90 for GMG to $582.50 for MERC). These differences may be due to differences in usage or annual bill per participant or to differences in renewal or deactivation rates.

Table 11 **2010 Comparison of Gross Program Costs**

	CPE	XE[1]	MERC	IPL	GP	GMG
Avg Annual Arrears Credit per recipient	$ 36.39	$ 48.00	$ 20.48	$ 13.67	$ 76.92	$ 6.47
Avg Annual Affordability Credit per recipient	$ 300.30	$ 372.00	$ 582.50	$ 231.28	$ 71.88	$ 28.90
Avg Annual non-startup	$ 13.17	$ 7.30	$ 33.33	$ 7.57	$ -	$ 3.80

	CPE	XE[1]	MERC	IPL	GP	GMG
Administration cost per participant						
Total Annual Cost per participant	$ 255.86	$ 427.30	$ 597.60	$ 252.52	$ 148.80	$ 39.17
Total startup costs	$554,537[2]	N/A [3]	$ 293,165	N/A [4]	N/A	$ -

[1] *The Xcel Energy billing system does not separately track the arrearage and affordability credits—it only tracks a combined credit. As noted in the 2010 Annual Report, the 2009 annual report calculation divided the total credits ($1,759,538) by the overall participant count (12,145) divided by 12 months. This is different than the calculation performed and provided in the 2010 annual report, where Xcel Energy calculated the total 2010 average credit by dividing the total Affordability & Arrearage Forgiveness Credit ($2,177,141) amount by the overall number of GAP credits (58,979); Xcel Energy then approximated the split between the Arrearage and Affordability credit amounts by working with ECC. Xcel Energy believes the 2010 calculation is a better representation of actual average participant benefits. At this point, the Company is unable to perform the same calculations for the 2009 Program participant benefits, but for purposes of this Stakeholder report; Xcel Energy worked with ECC to approximate a similar number.*
[2] *CPE incurred no startup costs in 2010.*
[3] *Xcel Energy start up costs were $0 because they were able to use the systems in place from their established electric low income program.*
[4] *IPL did not charge any start up cost for this program. All expenses were 100% manual and the only cost charged was 5% of GAP expenditures.*

In summary, the Stakeholder Group believes that the individual GAPs appear to be generally successful at making energy bills more affordable for participants, at improving payment behaviors, and at reducing service disconnections. Given the differences among programs, which the Group believes are appropriate, the Group has not identified design changes that should be implemented uniformly. [17] The Group believes the individual company pilot evaluation process is the appropriate vehicle to identify and consider possible changes to any individual company's Program.

4) Program Evaluation

In response to a question raised by the Department in the CenterPoint Energy GAP Pilot evaluation docket, the Stakeholder Group discussed whether a method of evaluating a

[17] This responds to a request made by the Commission in MPUC Order, 9/22/2010, Pt.4.

GAP other than that used by CenterPoint Energy in 2010 might be appropriate. The Group reviewed the general outline of the evaluation report used by CenterPoint Energy and decided the structure of that report was a useful model. Individual companies may have reasons to modify this structure, the details of the evaluation, or provide other information due to conditions unique to the individual company and/or pilot program being evaluated. The Group agreed the evaluations should include a discussion on the impact of GAP on service disconnections.

A summary of the evaluation approach used by CenterPoint Energy is provided below for reference:

On August 13, 2010, CenterPoint Energy filed an evaluation of its GAP pilot which provided an assessment of its GAP pilot program. The CenterPoint Energy Report included an evaluation based on statutory criteria, a cost effectiveness analysis, and other considerations unique to CenterPoint Energy.

1. Evaluation based on Statutory Criteria - Minnesota Statute §216B.16 Subd. 15 part (b) lists the five criteria that must be considered in Low-income affordability programs:

    a. lower the percentage of income that participating low-income households devote to energy bills,

    b. increase participating customer payments over time by increasing the frequency of payments,

    c. decrease or eliminate participating customer arrears,

    d. lower the utility costs associated with customer account collection activities, and

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

2. Cost Effectiveness Evaluation

    Pursuant to tariff[18], CenterPoint Energy performed a cost-effectiveness analysis from a ratepayer perspective.

    CenterPoint Energy's evaluation considered program costs including affordability and arrearage credits, administration and startup costs included in the GAP tracker, working capital costs and income tax expense. Savings were considered including the impact of the Program on bad debt expense, collection and disconnection/reconnection costs, and working capital costs.

    In addition to the tangible costs and benefits considered in the cost effectiveness analysis, CenterPoint Energy included a discussion on societal benefits and costs that could be considered in an analysis of a GAP.

3. Other Considerations

    In addition to the evaluation based on statutory criteria and the cost effectiveness evaluation, the CenterPoint Energy evaluation included a discussion of other issues that might be relevant in evaluating the Program.

As a follow-up item, the Stakeholder Group also discussed whether a third-party evaluator could be engaged to review individual company GAPs. While it would be possible to do so, the Group does not think is necessary, at this time. The Group believes the process for review of GAPs in Minnesota is robust, and sees little benefit to justify the expected cost of a third-party evaluator.

V. GAP activity in the near-term

In addition to their annual compliance reports due each March 31, other relevant dates for the various GAPs are shown below.

[18] CenterPoint Energy tariff Section V Page 25.a paragraph 5.3.

Table 12 **GAP milestone dates**

	CPE	XE	MERC	IPL	GP	GMG
Evaluation Report	6/1/2013	6/1/2012 (requested)	6/1/2011 (expected)	5/31/2011	6/1/2012	6/1/2012
Program End	12/31/2013	12/31/2012 (requested)	12/31/2011	12/31/2011	12/31/2012	12/31/2012

As previously mentioned the 2010 GAP Utility Stakeholder Group Report concentrated on how GAPs could or should be evaluated and provided an interim evaluation of each utility's Program. This 2011 GAP Utility Stakeholder Report concentrates on the questions raised in the 2010 review of GAPs and an examination of elements of GAP design, administration, and processes as they may affect Program outcomes.

With the completion of these two reports, the Utility Stakeholder Group believes it has completed the work that it can perform as a group to assess and improve GAPs in Minnesota. The Group believes the big-picture questions have been examined and a framework is in place for ongoing evaluation and incremental improvement. The Utility Stakeholder Group therefore proposes that it disband.

VI. Conclusion

The Utility Stakeholder Group respectfully submits this report to the Commission and other interested parties. As noted in the Commission's April 11, 2011 Notice, Comments on this Report are due July 11, 2011 and Reply Comments are due August 1, 2011.

GAP Utility Stakeholder Report **Attachment A**

Financial Summary- 2010 Program Year

Description	CPE	Xcel Energy	MERC	IPL	GP	GMG (*7)
Annual Dollar Cap	$5,000,000	$2,500,000	$1,000,000	$50,000	$50,000	$21,624
Total Program Costs (*1)	$3,173,061	$2,271,259	$955,567	$35,825	$13,536	$588
Administrative Costs ($)	$ 158,653 (*8)	$94,118	$50,000	$1,628	$0	$57 (*10)
Administrative Costs (%) (*2)	5.0%	4.1%	5.2%	4.5%	0.0%	9.7%
Total Number of Customers Enrolled (*3)	12,046	12,894	1,695	215	91	15
Gross Amount Spent Per Enrolled Customer (*4)	$263	$176	$564	$167	$149	$39
GAP tracker account balance as of Dec. 31, 2010	$2,676,132	$2,355,764	($863,639)	($5,464)	$86,434	$717
Pilot Program Start Date	May 1, 2007	Feb. 1, 2008	Apr. 1, 2008	Mar. 1, 2008	Jun. 1, 2008	Mar. 1, 2009
Pilot Program Ends (*5)	Dec. 31, 2013	Dec. 31, 2012 (*9)	Dec. 31, 2011	Dec. 31, 2011	Dec. 31, 2012	Oct. 14, 2012
Administration of Program (*6)	ECC/CPE	ECC/Xcel Energy	Salvation Army/ MERC	SEMCAC/IPL	West Central MN Community Action	GMG

Notes:

1. Total credits plus administrative costs; start up costs not included.
2. Administrative costs as a percentage of total program costs including administrative expenses.
3. Includes customers dropped from the program during the year.
4. Total program costs divided by total number of customers enrolled during the year.
5. Programs terminate on this date unless continued or made permanent by Commission Order.
6. Energy Cents Coalition provides outreach and administrative functions for CPE and Xcel. The Salvation Army administers MERC's program.The Southeastern Minnesota Community Action Council (SEMCAC) administers IPL's program part of the year.
7. GMG has a flat rate credit; therefore, its gross amount spent per customer will be less than other utilities.
8. Administrative costs included in tracker
9. Xcel Energy Program scheduled to end January 31, 2012; has petitioned to extend the current program until December 31, 2012.
10. GMG carryings costs reported as admin costs

GAP Utility Stakeholder Report						Attachment B
Program Design and Practices- 2010 Program Year						
Description	**CPE**	**Xcel Energy**	**MERC**	**IPL**	**GP**	**GMG**
TP Administrator	Yes/ECC	Yes/ECC	Yes/SA	Yes/SEMCAC	No	No
Affordability Component	Originally 6%-- changed to 4% in April 2011	Originally 6%-- changed to 4% for Program Year 2010	6%	6%	6% changing to 4%	Consist of the waiver of the monthly facility fee of $8.50 capped at $102
Average Monthly Benefits:						
Affordability Benefit	$25.03	$33	$48.50	$48.55	$6.41	$8.67
Arrears Benefit	$3.03	$4	$20	$1.88	$5.99	$8.08
Total Monthly Benefit	$20.85/month (total credits per participants that received any credits) (*1)	$37	$68.50	$50.43	$12	$16.75
Arrears Treatment	no cap (changing to 2% cap April 2011)	No cap	No Cap	No Cap	No Cap	One time credit, maximum of $102 to qualified customers who make 12 consecutive monthly payments
GAP customers in arrears	6,075	3,164 (*2)	27 (on 12/31/10)	64	77	1
Arrears re-payment terms	12 - 24 months	12 months (*3)	24 months	24 months	12 months	Payment agreements Negotiated
LIHEAP eligibility	Must receive LIHEAP either in current GAP program year or current LIHEAP program year.	Must receive in last 12 months	LIHEAP recipient in LIHEAP program year of GAP application		Must receive LIHEAP either in current GAP program year or current LIHEAP program year.	All income verified by energy assistance agencies through e-heat program
Enrollment/renewal process	Calendar year program.	Determine participants up for renewal (one year anniversary from last GAP budget update);	No annual application process; all customers roll over	Anniversary date review; no customers that did not apply for LIHEAP	Calendar year program.	Applications are mailed September 15th, customers must reapply and return application within 30 days
Billing Practice	Required customer payment is stated on customers' bills.	ECC informs customer of required payment when they are accepted. Payment amount is not on Xcel Energy bill. Combination gas/electric customers may still have high electric bills that can affect GAP retention rate.	There is a specific line item on all GAP enrolled customer bills that lists the current GAP payment due.	Credits are applied monthly after customer makes payment, 100% manual effort. Customer must be on budget plan. Incentives is monthly credit to account.	Credits are applied monthly after customer makes payment, 100% manual effort. Customer must be on budget plan. Incentives is monthly credit to account.	Billing systems applies monthly facility credit monthly. Billings do not inform customer of required payment.
Credit Balance Treatment	No removal for credit balance.	Customers temporarily removed if credit balance exceeds $500; customer must contact ECC to re-enroll after credit is used.	No removal for credit balance.	Customers removed if credit balance results in no bill or arrears credit adjustments.	No removal for credit balance.	Applied to any outstanding balance or applied to future bills. No removal for credit balances.
Notes:						
1. CPE: (total affordability credit + total arrears credit) divided by total participants that received a credit.						
2. As reported by ECC to XE						
3. Calculated at 11 months						

GAP Utility Stakeholder Report
Administration Tasks- 2010 Program Year

Attachment C

Company	**CPE**	**CPE/TPA**	**Xcel Energy**	**XE/TPA**	**MERC**	**MERC/TPA**	**IPL**	**IPL/TPA**	**GP**	**GMG**
TP Administrator	Yes/ECC	ECC	Yes/ECC	ECC	Yes/Salvation Army	Salvation Army	Yes/SEMCAC	SEMCAC	No/Internal	
Promotion	The Company does direct mail to prior year GAP participants and all LIHEAP recipients. We provide GAP info to food shelves, CAP agencies, mention it in press releases. Promote it in the call center and on our website.	ECC does not perform GAP promotion activity.	Mail applications to eligible households based on LIHEAP, internal communications to call center, PAR interaction with low income customers, external website, community events, commercials, CAPs, St. Paul foundation (St. Paul area low income network group).	XE sends lists of potential participants to ECC for review. ECC compares list to current GAP households, and removes those already on the program, and flags the households that were recently removed for non payment and households that did not qualify for a credit.	Originally, MERC promoted the new pilot through: a bill insert to all MERC residential customers, a targeted mailing to all LIHEAP recipients from that current program year, referrals from our call center representatives, referrals from the energy assistance agencies and The Salvation Army's programs. Because the pilot was so successful in the first two months, MERC has not aggressively promoted the program other than through its normal referral channels.	The Salvation Army makes referrals to the GAP program as opportunities arise, but have not needed to do any other proactive promotions do to the high enrollments from the onset. MERC has been in a little different circumstances than the other program pilots, which started out with a slower stream of enrollments. The Salvation Army fields customers' questions about GAP and makes referrals to MERC's call center, when questions center on non-GAP issues, as appropriate .	SEMCAC, Call Center and Press Releases	Mailings, word of mouth by Community Action Agency	Direct mailing to all customers that received LIHEAP benefits during the last LIHEAP program year. A brochure explaining GAP utilized as a handout, bill insert and poster. The brochure and GAP application is included with the direct mail. A letter, brochure and GAP application also sent to all customers that receive LIHEAP benefits for the first time. Work with the community agency offices servicing the Great Plains service territory in order to explain the GAP and request that a GAP application and brochure be provided to each LIHEAP applicant. Information posted on website.	Interaction with agencies to provide Program outreach information.
Application Processing	Provide ECC with a portal to the Company's system. Send system generated letter indicating customer acceptance. Provide system support on application set up. For instance, the customer has moved and provided their old account number on the application. Company will verify new account number and provide it to ECC.	Receive and open mail, enter data into Company system, contact the customer to clarify incomplete data. Applications are primarily mailed-in, but fax is available if necessary based on customer need (e.g. homebound customers, etc.) Send customer letter regarding rejection from the program for no-LIHEAP, incomplete application or waitlist. ECC letterhead and contact information included. ECC emails Company for validation on account numbers when necessary (and feasible) to cut down on additional Admin processing costs associated with mailing.	Provide arrears, consumption, and budget information to ECC to complete enrollment.	Process all incoming mail/ applications; Enter household data into ECC database; Send file to XE requesting usage and arrears information for specific customers; Load usage and arrears information into database; Send DNQ letters to those household that do not qualify.	MERC provides 12-month consumption and current arrears information to The Salvation Army the enrollment completion process.	The Salvation Army handles all in-coming calls to their designated line for the GAP program, reviews basic customer eligibility and answers customers' questions about the program, mails all program applications to prospective eligible customers, processes all incoming mail/ applications and determines customer eligibility. If the MERC customer is not in their database of eligible households (LIHEAP recipients) then they send a request to Vertex (MERC's partner who provides its customer service functions) to determine if the customer is eligible. If eligible, they enter the customer data into program enrollment database and sends enrollment file to Vertex so their participation and GAP budget and appropriate program billing can be set up. Vertex sends all customers a GAP enrollment letter with their new payment terms. If customers are ineligible, The Salvation Army sends the customer a letter stating why they are not eligible or why the application is incomplete.	Application/data entered in CIS system, tracker and worksheets	Applications taken by SEMCAC and forward to IPL	GAP Applications processed within two weeks of receipt of notification that LIHEAP has been approved by Great Plains personnel. Where follow up information is necessary phone calls are made with applications approved within 35 days if information required is received within one week of request.	Data is maintained thru agency application. No records kept at GMG
Client Interaction	Phone interaction on bill corrections and exception processing. Outbound call reminder to participants that miss one payment.	Mail, phone, fax, few walk-ins.	Phone and community events. Outbound call reminder to participants that miss one payment.	Phone, mail, fax, walk-in, and limited email.	Call Center contacts by phone, bill messages, bill inserts, direct mail-letters and email.	Phone, mail, fax, walk-in, and limited email.	Phone calls to explain program	Mail, Walk-In	Phone calls, mail	GMG generates all reports internally.

Company	CPE	CPE/TPA	Xcel Energy	XE/TPA	MERC	MERC/TPA	IPL	IPL/TPA	GP	GMG
Budget/ payment calculation	CPE system calculates affordability and arrearage credits and required customer payments.	ECC enters household income information in CPE system.	XE loads file with credit calculations from ECC and determines budget amount.	ECC calculates participant credits; Send file with credit info to XE for budget calculation; Load budget file/info from XE and mail letters to qualified households with GAP budget payment and credit amounts.	MERC sets up the customer' accounts with the appropriate GAP budget and monthly credits per the enrollment file from The Salvation Army.	The Salvation Army calculates both the "Percent of Income" credit and the monthly arrears payment and sends enrollment files with this detail to MERC daily via a secured site.	GAP worksheet calculates affordability and arrearage credits and required customer payments. Completed by SEMCAC and forward to IPL to enter into CIS.	GAP worksheet calculates affordability and arrearage credits and required customer payments. Completed by SEMCAC and forward to IPL to enter into CIS.	Great Plains calculates required payment amount	
Renewal Process	Before end of current calendar year, current GAP participants are notified that if they receive LIHEAP before the end of the current calendar year, then they will be rolled-over to the new calendar year program without needing to complete a new GAP application. If LIHEAP is received after the first of the year, the customer must complete a new GAP application. Company creates and mails the customer communications associated with renewal, pulls a customer lists of those who qualify for automatic renewal and coordinates the process of running system programming to re-enroll eligible customers during the renewal period.	New customer applications received in December for the current calendar year program are rejected and a notification is mailed with an application for the new year. ECC administers.	One year from GAP enrollment date.	ECC sends renewal letter to participant 30 days in advance of renewal date.	Rolling 12 months renewals, income verified via SEMCAC.	Provide current income	Rolling 12 months renewals, income verified via SEMCAC.	Rolling 12 months renewals, income verified via SEMCAC.	Applications mailed	
Coordination with other Programs	Meet with agencies and provide Program and outreach information.	None	Through incoming phone calls and interactions at community events, the XE PAR team refers customers to community action agencies for customers to apply for LIHEAP and be considered for eligibility for other programs. Coordinate available bill payment assistance messaging with low income CIP.	Coordinate with XE's low income CIP program. Referrals to weatherization programs and other agencies who provide financial support (Heat Share, Emergency Assistance, Local Emergency Assistance providers, churches, etc)	Through incoming phone calls and interactions at community events, our PAR team refers customers to community action agencies for customers to apply for LIHEAP and be considered for eligibility for other programs.	Makes referrals through incoming applications to agencies for energy assistance, to other internal Salvation Army programs (including HeatShare) and also for CIP programs for furnace replacement, budget counseling.	IPL funds SEMCAC to do energy efficiency upgrades to low income homes through its Conservation Improvement Program (CIP). Using the same agency for GAP and CIP insures the efforts are coordinated.	IPL funds Sumac for energy efficiency upgrades to low income homes through it Conservation Improvement Program (CIP).	Meet with agencies and provide Program and outreach information.	
Data Privacy/ Security	Company maintains household income data.	ECC does not have access to account details including payment history. ECC has access to household income data.	XE maintains the same information for GAP participants as it does for all customers.	Energy Cents follows the terms and conditions of the signed Professional Services Agreement, as a 501c3 Non Profit Organization Contractor.	None	SEMCAC verifies income at time to CLI application.	SEMCAC verifies income at time to CLI application.	None	Company maintains household income data.	

Company	CPE	CPE/TPA	Xcel Energy	XE/TPA	MERC	MERC/TPA	IPL	IPL/TPA	GP	GMG
TPA reporting to utility	Reports generated for the PUC are done by CPE. CPE reports to ECC regarding total number of program participants and CAP levels. Internal CPE reporting for management about program participation levels is generated by CPE weekly.	None	N/A	Monthly reporting of: Number of active households, average income, usage amounts, credits, budgets and arrears. Number of households at various levels of poverty. Number of households removed that month, the reason of removal - broken down by those in arrears and those not. Number of households that Did not Qualify and reason. And number of households on Wait List - or rejected because of no funding available. Other reports generated as requested from utility.	Please see details in the corresponding Salvation Army block.	The Salvation Army meets with MERC quarterly to discuss any issues and process improvements. The SA reports daily enrolls and data issues on a daily basis.	IPL tracks all statistics, no information is received from TPA. We gather data at time of annual GAP report. Once adjustments are make on customers account, accounting string separates credits accordingly.	SEMCAC only processes applications and forward to IPL for final approval.	N/A	
TPA Performance Monitoring	CPE audits customer applications on a monthly basis and looks for completeness of application and that income and other system inputs are entered correctly. CPE runs daily reports to ensure that any rejects due to no-LIHEAP are appropriately rejected and not based on a timing issue from an old service address where LIHEAP was applied but not yet transferred to the new address. CPE notifies ECC if a "reject letter" should be pulled from mailing. CPE runs daily checks on payment calculations to ensure the customer payment calculation is performed accurately.	None	XE's PAR team audits weekly ECC files and makes any corrections before loading file into billing system.	N/A	MERC audits all applications approved and enrolled on a monthly basis. MERC meets with The Salvation Army on a quarterly basis to review performance and discuss potential process improvement.	None	None	None	N/A	

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Mary Jo Schuh, being first duly sworn on oath, deposes and says she served the attached GAP Stakeholder Report via e-filing to the Public Utilities Commission, the Office of Energy Security and others on the attached service via e-filing or via U.S. Mail at the city of Minneapolis.

/s/
Mary Jo Schuh

Subscribed and sworn to before me
this 1st day of June, 2011.

/s/
Linda Baumann, Notary Public
My Commission expires 1/31/15

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_7-1131_1
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Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Paper Service	No	OFF_SL_8-1175_1
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