1. Availability:

GAP is available to residential customers in the MERC Minnesota service area who have been qualified and receive assistance from the Low Income Home Energy Assistance Program ("LIHEAP") during the federal fiscal year ("Program Year").

2. Program Description and Rate Impact for Qualifying Customers:

This Program shall meet the conditions of Minnesota Statutes, Chapter 216B.16, Subd. 15 on low income programs. The Program has two components: 1) Affordability, and 2) Arrearage Forgiveness. MERC or an agent of MERC, will review current billing and consumption information, approved LIHEAP benefits and household income information as submitted to MERC to determine a Qualified Customer's affordability bill credit and arrearage forgiveness. A Qualified Customer's payment each month shall include both payment of the customer's current month's bill after inclusion of the affordability bill credit, and payment of a portion of the Qualified Customer's pre-program arrears.

2.1. *Affordability Component:*

The Affordability component consists of a bill credit determined as one-twelfth of the difference between the Qualified Customer's actual annual gas bills from the prior year and 3% of the Qualified Customer's actual annual household income as provided by the Qualified Customer in their most recent LIHEAP application. This bill credit is a Program cost that will be included in the Tracker. Any energy assistance sums not applied to arrears will be applied to a Qualified Customer's current bill.

2.2. *Arrearage Forgiveness Component:*

The Arrearage Forgiveness component consists of a monthly credit that will be applied each month after receipt of the Qualified Customer's payment. The credit will be designed to retire pre-program arrears over a period of up to 24 months, with the Company matching the Qualifying Customer's contribution to retiring pre-program arrears. The credit is determined by taking the pre-program arrears divided by the number of months to retire the arrears divided by two and then subtracting any energy assistance sums received by the Company on behalf of the customer divided by the number of months remaining to retire the arrears divided by two. This arrearage forgiveness credit is a Program cost that will be included in the Tracker.

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Submitted By: Theodore Eidukas
Vice President –Regulatory Affairs

3. Conditions of Service:

   3.1. Enrollment participation is limited to a first come first served basis until the estimated Program dollar cap is reached. This limitation is suspended until reinstated by the MPUC.

   3.2. Each year, MERC will provide information on the Program to targeted current LIHEAP customers in arrears.

   3.3. Regardless of arrears balances, MERC agrees to maintain service and suspend collection activities to Qualified Customers if they maintain their payment schedule.

   3.4. Qualified Customers must maintain an active MERC account in said customer's name at their permanent primary residence only to be eligible for this Program.

   3.5. Qualified Customers agree to notify MERC of any changes in address, income level, or household size. Such changes may result in removal from the Program. Additionally, Qualified Customers who do not continue to qualify under the provisions of Section 1 above can be removed from the Program.

   3.6 If a Qualified Customer fails to pay two consecutive monthly payments in full under the Program, they will be terminated from the Program and will be subject to MERC's regular collection practices including the possibility of disconnection.

4. Funding:

   4.1. Total Program costs, which include start-up costs, Affordability component, Arrearage Forgiveness component and incremental administration costs incurred collectively by MERC shall not exceed $750,000 per year plus the estimated tracker balance as of December 31, 2011. This annual spending cap is suspended until reinstated by the MPUC. Effective with the 2022 program year, MERC shall limit administrative costs included in the Tracker (except start-up related costs) to 5% of annual Program spending on Affordability Credits and Arrearage Forgiveness. Administrative costs will include, but are not limited to, the costs to inform customers of the Program and costs to process and implement enrollments.

   4.2. MERC shall recover Program costs in the GAP Surcharge applicable to all firm service customers receiving service under Rate Schedules GS-NNG General Service and GS-Consolidated General Service.

   4.3. A tracking mechanism ("Tracker") will be established to provide for recovery of actual Program costs as compared to the recovery of Program costs through the GAP Surcharge. MERC will track and defer Program costs with regulatory approval. The prudency of the Program costs are subject to regulatory review.

4.4. Program costs shall be recovered in the GAP Surcharge from all firm service customers receiving service under Rate Schedules GS-NNG and GS-Consolidated as shown in Tariff Sheets 5.00 – 5.02a. Effective August 1, 2022, the surcharge shall be $0.00000 per therm. MERC may petition the Commission to adjust this rate in order to true-up the Program balance in the Tracker either in a general rate case, in an annual GAP report filing, or in a future GAP evaluation filing.

5. Evaluation:

5.1. The Program shall be evaluated annually and may be modified based on annual reports and on a financial evaluation.

5.2. The annual reports will include the effect of the Program on customer payment frequency, payment amount, arrearage level and number of customers in arrears, service disconnections, retention rates, customer complaints and utility customer collection activity. The annual reports may also include information about customer satisfaction with the Program.

5.3. The financial evaluation will include a discounted cash flow of the Program's cost-effectiveness analysis from a ratepayer perspective comparing the 1) total Program costs, which includes the Affordability component, Arrearage Forgiveness component and total company incurred administration costs, to 2) the total net savings including cost reductions on utility functions such as the impact of the Program on write-offs, service disconnections and reconnections and collections activities. The discounted cash flow difference between total Program costs and total net savings will result in either a net benefit or a net cost to ratepayers for the Program.

6. Program Revocation:

The Program is effective unless the Commission, after notice and hearing, rescinds or amends its order approving the Program.

7. Term:

The Program is approved on a permanent basis, with annual reports, including program evaluation, to be filed by March 31 each year.

8. Applicability:

Unless otherwise specified in this tariff, Qualified Customers in the Program shall receive service in accordance with all terms and conditions of the standard gas service tariffs applicable to residential customers.

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