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December 4, 2018

**VIA ELECTRONIC FILING**

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

RE: Petition for Approval of 2019 Capital Structure and Permission to Issue Securities  
Docket No. \_\_\_\_\_

**PUBLIC DOCUMENT—TRADE SECRET DATA HAS BEEN EXCISED**

Dear Mr. Wolf:

Attached hereto, please find Greater Minnesota Gas, Inc.'s Petition for Approval of 2019 Capital Structure and Permission to Issue Securities for filing in a new docket. The attached document is a public document and trade secret data has been excised. A complete copy including the redacted trade secret information has been filed with the Commission.

All individuals identified on the attached service list have been electronically served with the same.

Thank you for your assistance. Please do not hesitate to contact me should you have any questions or concerns or if you require additional information. My direct dial number is (507) 665-8657 and my email address is kanderson@greatermngas.com.

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/

Kristine A. Anderson  
Corporate Attorney

Enclosure

cc: Service List

# CERTIFICATE OF SERVICE

I, Kristine Anderson, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated on the attached list by electronic filing, electronic mail, or by depositing the same enveloped with postage paid in the United States Mail at Le Sueur, Minnesota:

**Greater Minnesota Gas, Inc.'s Petition for Approval of 2019 Capital Structure and  
Permission to Issue Securities**

**Docket No. \_\_\_\_\_**

filed this 4<sup>th</sup> day of December, 2018.

/s/ Kristine A. Anderson  
Kristine A. Anderson, Esq.  
Corporate Attorney  
Greater Minnesota Gas, Inc.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	GEN_SL_Greater Minnesota Gas, Inc._Official Service List 2017

**STATE OF MINNESOTA**

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Nancy Lange  
Dan Lipschultz  
Matt Schuerger  
Katie Sieben  
John Tuma

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

MPUC Docket No. \_\_\_\_\_

**PETITION FOR APPROVAL OF  
2019 CAPITAL STRUCTURE AND  
PERMISSION TO ISSUE SECURITIES**

**PUBLIC DOCUMENT –  
TRADE SECRET DATA  
REDACTED**

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**OVERVIEW**

Greater Minnesota Gas, Inc. (“GMG”) submits this Petition to the Minnesota Public Utilities Commission (“Commission”) seeking the Commission’s approval of GMG’s 2019 capital structure and permission to issue securities in accordance therewith. GMG respectfully requests that the Commission approve its proposed capital structure for 2019; and, further, GMG respectfully requests that the Commission grant GMG permission to issue securities within the scope of the approved capital structure plus any necessary contingencies.

In its Order dated April 17, 2018 in Docket No. G-022/S-17-808, the Commission directed GMG to file a new securities issuance and capital structure petition by January 1, 2019. The Order also required that GMG maintain an equity ratio contingency range of at least 31.59 percent at all times. As directed by the Commission, GMG made monthly compliance filings containing a balance sheet, income statement, and cash flow statement demonstrating that the requisite equity ratio was consistently maintained. The Commission also approved GMG’s short-term debt contingency cap of ten percent; and, it approved a total capitalization contingency of \$4.0 million above the estimated 2018 year-end total capitalization. A total capitalization of \$44.3 million was approved.

Minnesota Rule Part 7825.1400 requires that when petitioning for approval of capital structure, GMG identify several things, including certain requisite identifying and verifying information, descriptive information about the proposed securities issuance, and certain financial information. Further, Minnesota Rule Part 7825.1300 requires an additional summary of the assumptions made in the development of GMG’s cash flow statement and a cash flow statement incorporating both actual and forecasted data. This Petition addresses each of the requisite areas based on GMG’s analysis of its historical data, GMG’s anticipated growth during 2019, and its anticipated capital needs.

## INFORMATION REQUESTED BY COMMISSION

Historically, the Commission has required GMG to provide the following information regarding each nonrecurring securities issuance; and, GMG provides it below with respect to its requested capital structure debt in general:

### 1. The Specific Purposes for Individual Issuances

GMG intends to issue long-term debt for the purpose of financing its 2019 capital projects. GMG intends to maintain its existing short term credit line. GMG does not anticipate receiving a paid in capital contribution from its parent company, Greater Minnesota Synergy, Inc. (“GMS”), to finance the 2019 capital projects. However, GMG requests that the Commission authorize the contribution of additional paid in capital if necessary to maintain the required equity ratio contingency range in GMG’s 2019 capital structure.

### 2. The Type of Issuance

Long term debt will be issued as [TRADE SECRET DATA BEGINS  
..... TRADE SECRET DATA ENDS].

The notes will be secured by the assets of GMG, as well as personal guarantees of certain GMS shareholders if required, and the corporate guarantee of GMS.

### 3. The Timing of Issuance

Issuance is expected to occur within the next 180 days.

### 4. The Amount of Issuance

The long term security issuances are for approximately \$3.3 million to finance new capital investment.

### 5. Issuance Costs.

Issuance cost for the long-term security note is estimated at [TRADE SECRET  
DATA BEGINS ..... TRADE SECRET DATA ENDS].

### 6. Interest Rates

The rate for the long-term issuance [TRADE SECRET DATA BEGINS .....  
TRADE SECRET DATA ENDS]

The April 17, 2018 Order approved GMG's total capitalization of \$44.3 million, including the contingency. Based on the capital structure requested herein, GMG's total capitalization will be approximately \$43.3 million upon completion of this refinancing with a contingency available to increase capitalization to \$44 million. The Commission's April 17, 2018 Order required GMG to develop a proposed capital structure expected to result in a 36.50 percent equity ratio by December 31, 2019 or explain why that would not be possible. GMG's proposed capital structure is expected to result in a 35.93% equity ratio by that time. As contemplated by Department Staff, the Commission, and GMG, the impact of the 2017 Tax Act has affected GMG's proposed capital structure, thus making reaching the unadjusted Commission target not possible. Nonetheless, GMG has proposed a capital structure with an increased equity ratio in the spirit of the Commission's prior directive. The table below shows the calculated impact of the 2017 Tax Act on GMG's equity ratio:

Greater Minnesota Gas, Inc.		
2017 Tax Act Equity Impact		
		12/31/2017
Equity		\$ 12,041,628
Debt		\$ 26,776,537
Equity Ratio		31.02%
2017 Tax Act Impact		\$ 365,000
Adjusted Equity		\$ 12,406,628
Adjusted Equity Ratio		31.66%
2017 Tax Act Ratio Impact		(0.64%)
2018 Ordered Rate Refund		\$ 48,258
2019 Ordered Rate Adjustment		\$ 48,258
		\$ 96,516
Rate Orders Impact On Equity Ratio		(0.17%)
Total Impact on Equity Ratio		(0.81%)
PUC Ordered Equity Ratio		36.50%
Tax Act Adjusted Equity Ratio		35.69%

GMG's proposed capital structure is actually slightly above the target set by the Commission after adjusting the target for the impact of the 2017 Tax Act. Hence, Greater Minnesota Gas is requesting approval to issue additional short and long term financing and contribute additional paid in capital as long as the Company maintains an equity ratio floor of 31.59%, increasing the floor to 34.0 percent by March 31, 2020, and total capitalization does not exceed \$44 million.

## **REQUISITE FILING INFORMATION**

Pursuant to Minnesota Rule Part 7825.1400, the following specific content that must be included in a petition for capital structure approval is provided:

**A. Descriptive Title**

Petition for Approval of 2019 Capital Structure and Permission to Issue Securities

**B. Table of Contents**

A Table of Contents identifying all components of the Petition and accompanying attachments is appended hereto as Attachment No. 1.

**C. Exact Name of Petitioner and Address of Principal Business Office**

Greater Minnesota Gas, Inc.  
202 South Main Street  
P.O. Box 68  
Le Sueur, Minnesota 56058

**D. Name, Address and Telephone Number of the Persons Authorized to Receive Notices and Communications with Respect to the Petition**

Kristine A. Anderson, Esq.  
Greater Minnesota Gas, Inc.  
202 South Main Street, P.O. Box 68  
Le Sueur, Minnesota 56058  
Telephone: (507) 665-8657

**E. Verified Statement by Responsible Officer Attesting to the Accuracy and Completeness**

The requisite statement is appended hereto as Attachment No. 2.

**F. Purpose for Which Securities are to be Issued**

GMG intends to issue securities to support its anticipated capital expenditure plans for 2019. The focus of the capital expenditures will be a combination of maintenance and improvement of GMG's existing physical plant and of investment in physical plant expansion to support continued customer growth. Support for the capital expenditure program will come from GMG's use of retained earnings, long-term debt

and equity infusions, and securities issued pursuant to Commission approval. GMG intends to continue its practice of utilizing its lines of credit for short-term borrowing needed to supporting its working capital requirements.

As the Commission is aware, GMG is a wholly-owned subsidiary of GMS. As such, GMG does not issue its own securities. Rather, GMG receives its equity in the form of equity contributions from its parent, GMS. Any proceeds from equity contributions by GMS may be used to pay for portions of GMG capital expenditures during 2019.

Attachment No. 3 includes a summary of GMG's capitalization and short-term borrowings as of September 30, 2018.

**G. Resolution by Directors Authorizing the Assumption of Liability in Respect to Which the Petition is Made**

A copy of the requisite resolution is appended hereto as Attachment No. 4.

**H. Statement Regarding Any Affiliated Interests**

GMG is not aware of any person who is deemed to have an "affiliated interest" within the meaning of Minn. Stat. § 216B.48, and also has received or is entitled to receive a fee for services in connection with the negotiations or consummation of the issuance of the securities which are the subject of this Petition or for services in securing underwriters, sellers or purchasers of such securities. GMG is not aware of any investment banking firm that presently is an affiliated interest of GMG or GMS.

**I. Opinion of Counsel Respecting Legality of Issuance and Assumption of Liability**

The requisite opinion is appended hereto as Attachment No. 5.

**J. A Balance Sheet Together With an Income Statement and Statement of Cash Flows Covering the Preceding Twelve Months**

The requisite financial information is appended hereto as Attachment No. 6. The information is set forth in three parts; namely, a balance sheet as of September 30, 2018, and income statement for the twelve-month period ended September 30, 2018, and a statement of cash for the twelve-month period ended September 30, 2018.



## **K. Description of the Securities to be Issued**

GMG requests the authority outlined in the Petition so that it is adequately prepared to respond to financing needs and opportunities that may arise during 2019, which is the expected duration of the Authorization Period. GMG offers the following descriptive information regarding its existing and anticipated securities and debt:

### *1. Common Shares*

GMG receives its common equity from its parent, GMS. GMG anticipates that it may receive equity contributions from GMS during the Authorization Period. A full description of the Common Shares presently outstanding and which may be issued is set forth in GMG's Articles of Incorporation, appended hereto as Attachment No. 7.

### *2. Short-Term Debt*

GMG anticipates having a [TRADE SECRET DATA BEGINS] . . . . . [TRADE SECRET DATA ENDS] This amount is approximately 5 percent of GMG's requested total capitalization. GMG further requests that it be allowed to issue up to ten percent of total capitalization to meet working capital requirements and unanticipated needs for short-term borrowing and accounts payable over the period. If GMG has reason to know that a contemplated short-term borrowing would exceed the ten percent cap for a period exceeding 60 days (such as borrowing for an unanticipated capital expenditure), GMG will seek approval from the Commission for any such borrowing.

#### *a. Kind and Nature of Short-Term Securities*

##### *i. Promissory Notes Issued to Commercial Banks and Other Institutional Lenders*

Promissory notes issued to institutional lenders will be secured and unsecured promissory notes of GMG which will be prepaid on any legal banking day without premium; and, which may be issued to renew or refund outstanding promissory notes of the same nature to replace maturing notes sold through commercial paper dealers and described below; and, to provide additional funds for working capital needs and capital expenditures.

*ii. Promissory Notes through Private Persons or Greater Minnesota Synergy*

Promissory notes issued to private lenders and/or GMS will be unsecured promissory notes. All notes will have a maturity of not more than twelve months, will not be payable on demand, will not be extended or renewed, and will not contain any provision for extension or renewal or automatic rollover.

*b. Interest or Discount Rate*

The interest rate on notes issued to commercial banks and any other institutional lenders will be determined and negotiated with the lending bank or institution as the respective loans are made and will be dependent on market condition at the time of issuance. The interest on notes issued through private persons will be dependent on the term of the note and market conditions at the time of issuance, and will be at rates prevailing at the time of issuance for commercial paper of comparable quality.

*c. Date of Issue and Date of Maturity*

The notes issued to commercial banks and any other financial institutions will be issued at various times during the Authorization Period, and for varying periods of time, but no such note will mature more than twelve months after the date of issuance or renewal thereof. The notes issued through private persons will be issued from time to time during the Authorization Period, for varying periods of time, but no such note will mature more than twelve months from the dates of issue thereof nor will any such note be extended or renewed or contain any provision for extension or renew or for automatic rollover.

*d. Voting Privileges*

None of the notes proposed to issue will have any voting rights.

**L. Estimate of the Interest or Dividend Cost and Description of Anticipated Terms.**

Please refer to the information provided in the immediately-preceding Section K for the requisite descriptive information.

**M. Current Articles of Incorporation.**

A certified copy of the Articles of Incorporation for GMG dated August 24, 1995 was provided in a prior filing. However, for ease of reference, an uncertified copy of the Articles is appended hereto as Attachment No. 7.

**N. Attached Exhibits Required by Minnesota Rule Part 7825.1400**

The requisite information is attached as follows:

**1. The amount and kinds of stock authorized by articles of incorporation and amount outstanding**

The requisite summary is appended hereto as Attachment No. 8.

**2. The terms of preference of preferred stock, whether cumulative or participating, or on dividends or assets, or otherwise**

GMG does not issue preferred stock.

**3. A brief description of each security agreement, mortgage, and deed of trust upon petitioner's property, showing date of execution, debtor, and secured party, mortgager and mortgagee and trustor and beneficiary, amount of indebtedness actually secured, together with any sinking fund provision**

Information regarding each such security is appended hereto as Attachment 9.

**4. The amount of bonds authorized and issued that exceed one percent of total debt giving the name of the public utility which issued same, describing each class separately, and giving the date of issue, par value, rate of interest, date of maturity, and how secured, together with the amount of interest paid thereon during the last fiscal year**

No such bonds were authorized or issued.

**5. Each note outstanding with a maturity of more than one year and which exceeds one percent of total debt, giving the date of issue, the amount, the date of maturity, the rate of interest, in whose favor, together with the amount of interest paid thereon during the last fiscal year**

Information regarding each such security is appended hereto as Attachment 9.

**6. Other indebtedness with a maturity of more than one year, by class, together with the amount of interest paid thereon during the last fiscal year**

No such indebtedness exists.

**7. The rate and amount of dividends paid during the five previous years**

GMG does not pay common stock dividends.

**O. Manner in Which Securities Will Be Issued and Explanation Regarding Lack of Competitive Bidding**

With respect to its common shares, GMG receives its common equity from its parent, GMS. GMG anticipates that it may receive equity contributions from GMS during the Authorization Period. Since all of GMG's equity contributions are received from GMS, competitive bidding by written sealed proposals is neither necessary nor appropriate. With respect to its unsecured short-term debt, please refer to Section K above for a detailed description of the manner in which GMG proposes that the unsecured short-term debt be issued.

**P. Plans for Reorganization or Readjustment of Indebtedness or Capitalization or for Retirement or Exchange of Securities**

GMG does not have any plans to reorganize or readjust its debt or capitalization, nor does it plan to retire or exchange securities.

**Q. Cross-References to Other Documents Meeting Filing Requirements, if Any**

GMG is not relying on any cross-referenced documents in its Petition.

**R. Additional Information Required by the Staff or Commission**

Based on the Commission's previous directives, information regarding GMG's sources and uses of cash is appended hereto as Attachment 10. Similarly, GMG's capital expenditures projected by category are appended hereto as Attachment 11. To GMG's knowledge, no additional information was requested by the staff or Commission that is not addressed in other components of GMG's Petition.

**S. Explanation Regarding Inapplicable Filing Requirements**

GMG addressed all requisite components of the filing in its Petition. To the

extent that a particular item does not apply or does not exist, it is so-stated within the applicable section.

Additionally, Minnesota Rule Part 7825.1300, requires that the following specific content be included in petitions seeking approval for issuance of short-term securities, which GMG provides below:

**A. Items A to K of Minnesota Rule Part 7825.1400**

Please refer to the information provided above with regard to Items A through K of the requirements of Minnesota Rule Part 7825.1400, which is incorporated herein by reference.

**B. Descriptive Summary of Assumptions Made in Development of Cash Flow Statement**

In developing the referenced cash flow statements, GMG assumed the following facts: monthly cash requirements are based on results for 2018; natural gas sales per customer are projected at historical levels; and, accounts receivable and accounts payable are adjusted for known changes.

**C. Statement of Cash Flow for Most Recent 21 Months of Actual Data and Forecasted Data for Duration of Authorization Period**

The requisite information, including that for prior years, is appended hereto as Attachment No. 12.

**DISCUSSION**

GMG continues to demonstrate significantly improved financial performance. A comparison of GMG's financial data to that of previous years generally shows continued year-over-year improvements, despite warm weather conditions in several years. As a result, GMG has continued to make safe, reliable, affordable natural gas service accessible to historically unserved rural Minnesota areas. GMG plans to continue that mission in 2019.

GMG's projected customer revenues for 2019 are based on utilization of a flat gas cost, since changes in gas costs cannot be predicted any sense of accuracy, and because gas costs are tracked through regular PGA filings. Therefore, GMG's revenue projections are based on identifying customer count by class, anticipated additional customers by class, and historic Mcf usage by class. Finally, the historic Mcf usage is multiplied by the appropriate customer count and then by the respective customer class rates, thus resulting in GMG's projected revenue.

GMG’s proposed capital spending budget is summarized in the chart below:

<b>GREATER MINNESOTA GAS, INC.</b>	
<b>Capital Expenditures Projected by Category</b>	
	2019 Capital Expenditures Budget
System Replacement & Reinforcement	\$ 793,000
Vehicles, Equipment & Office Equipment	255,000
Office Building	800,000
Customer Additions & Main Extensions	1,727,000
<b>Total Capital Expenditures</b>	<b>\$ 3,575,000</b>

GMG’s proposed plan will increase its system, which provides a benefit to all of GMG’s ratepayers by strengthening the company and increasing the ratepayer base. Most importantly, it allows for more rural areas of Minnesota to benefit from obtaining natural gas service.

**REQUEST FOR COMMISSION ACTION**

GMG is confident that its proposed capital is both reasonable and proper and that it will not be detrimental to the interests of GMG’s consumers and patrons. Hence, GMG respectfully requests that the Commission issue a written order approving its 2019 proposed capital structure and granting permission to issue securities for the following:

- Total capitalization of up to \$44 million, including the contingency.
- An equity ratio floor of 31.59 percent initially and increasing to 34.0 by March 31, 2020.
- The ability to issue short-term debt not to exceed ten percent of total capitalization at any time while the 2019 capital structure is in effect.
- Long-term debt flexibility to issue securities provided that the Company remain within the contingency ranges and does not exceed them for more than 60 days.
- Approval of the 2019 capital structure until the Commission issues a 2020 capital structure Order.

Dated: November 29, 2018

Respectfully submitted,

/s/

Kristine A. Anderson  
Corporate Attorney  
Greater Minnesota Gas, Inc.  
202 S. Main Street  
Le Sueur, MN 56068  
Phone: 888-931-3411

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**GREATER MINNESOTA GAS, INC.  
PRESIDENT'S CERTIFICATE**

The undersigned President acknowledges that Kay Wallerich, Esq. is rendering a legal opinion (the "Opinion") to the Minnesota Public Utilities Commission (the "Commission") in connection with the submission by Greater Minnesota Gas, Inc. ("GMG") of its Petition for Approval of 2019 Capital Structure and Permission to Issue Securities dated November 29, 2018 (the "Petition"). All capitalized terms used but not defined herein shall have the meaning assigned in the Opinion. The undersigned President of the Company hereby certifies to Kay Wallerich, Esq. as follows:

1. I am the duly elected, qualified and acting President of the Company and have custody of the Company's corporate documents and have knowledge of the Company's property, material contracts, litigation and other matters relating to the Company and its business. Because of my position as the President of the Company, I have personal knowledge of the facts and statements contained in this Certificate.

2. I have reviewed and am familiar with the Petition and related documents. I have reviewed the Opinion, and after due inquiry of other officers of the Company, represent that each factual statement contained in the Petition and the Opinion is true and correct.

3. A true, correct and complete copy of the Articles of Incorporation of the Company, as amended, as in effect on the date hereof, is appended to the Petition as Attachment 7.

4. I have reviewed the Bylaws of the Company, as amended, as in effect on the date hereof.

5. Attached to the Petition as Attachment 4 is a true, correct and complete copy of a Resolution of the Board of Directors of the Company authorizing the Petition and the issuance of proposed debt instruments, ancillary documents and the transactions contemplated therein. The Resolution constitutes all of the resolutions of and all actions taken by the Company pertaining to the Petition and the transaction contemplated therein, and said resolutions have not been amended or superseded since their adoption and remain in full force and effect as of the date hereof.

6. The execution, delivery and performance by the Company and the compliance by the Company with the terms of, the Petition and the sale of the proposed debt instruments contemplated in the Petition do not conflict with or result in a violation of the Company's Articles of Incorporation or Bylaws or other similar organizational documents of the Company.

7. Except for the loan agreements with Bell State Bank, First Farmers and Merchants Bank, and the U.S. Small Business Administration, the Company is not a party to any contract, agreement or understanding that restricts the Company's ability to incur indebtedness or to grant security interests in its assets. Subject to repayment in full of the Company's debt to Bell State Bank, First Farmers and Merchants Bank and the U.S. Small Business Administration's consent, the sale of the proposed debt instruments contemplated in the Petition and the granting of security interests in the Company's assets to secure such debt does not and will not conflict with or result in a conflict with, result in a breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or result in or permit the termination or modification of, any agreement, instrument, order writ, judgment or decree to which the Company is a party or is subject.

**IN WITNESS WHEREOF**, the undersigned has executed this President's Certificate as of the date first written above.

Nov 28, 2018  
Date

  
\_\_\_\_\_  
Gregory Palmer  
President

<b>Greater Minnesota Gas, Inc.</b>				
<b>Capital Structure Summary</b>				
The following is a summary of GMG's actual capitalization and short-term borrowings at September 30, 2018 and as projected at December 31, 2019.				
<b>Type of Capital</b>	<b>September 30, 2018</b>		<b>December 31, 2019 (Projected)</b>	
Common Equity	\$ 12,747,582	31.91%	\$ 15,550,582	35.93%
Preferred Shares	-	0.00%	-	0.00%
Short Term Debt	1,848,469	4.63%	1,700,000	3.93%
Long Term Debt	25,355,486	63.47%	26,031,901	60.14%
<b>Total Capitalization</b>	<b>\$ 39,951,537</b>	<b>100.00%</b>	<b>\$ 43,282,483</b>	<b>100.00%</b>
Contingency			717,517	
<b>Total with Contingency</b>			<b>\$ 44,000,000</b>	

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
GREATER MINNESOTA GAS, INC. (the "Company")**

Adopted effective as of November 28, 2018

The undersigned, being at least a majority of the directors of Greater Minnesota Gas, Inc., a Minnesota corporation (the "Company"), in accordance with the authority contained in the Company's Articles of Incorporation and the Minnesota Business Corporation Act, as amended, hereby adopt and approve the following corporate resolutions effective as of this 28<sup>th</sup> day of November, 2018.

WHEREAS, it is necessary for the Company to file a Petition with the Minnesota Public Utilities Commission for an Order approving the Company's capital structure and granting permission to issue long-term and short-term secured and/or unsecured promissory notes as evidenced by the Order issued April 17, 2018.

WHEREAS, it is reasonable, in light of the Company's projected capital structure and short-term borrowing requirements for 2019-2020, to file a Petition for an Order approving the capital structure and granting permission to issue long-term and short-term secured and/or unsecured promissory notes for the calendar period 2019-2020.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Greater Minnesota Gas, Inc., that, subject to receipt of regulatory approval, during the calendar years 2019-2020, the President and Chief Executive Officer, the Secretary, and the Chief Financial Officer, and each of them acting alone, are hereby authorized to borrow for and in the name of the Company, from any bank or banks or other institutional lenders, or through private persons, such amounts of money as may be required by the Company, from time to time, but not to exceed a total of \$29,000,000.00 of long-term debt and \$2,500,000.00 of short-term debt during the calendar years 2019-2020 to provide for new capital projects and short-term operating needs of the Company.

BE IT FURTHER RESOLVED, That, subject to receipt of regulatory approval and further subject to the foregoing \$29,000,000.00 long-term debt limit and \$2,500,000.00 short-term debt limit, the above designated officers are hereby authorized and empowered, in the name of the Company, to effect such borrowing through the issuance of promissory notes, lines of credit, and letters of credit of the Company to any bank or banks or other institutional lenders, or through private persons, and to pledge the Company's assets as collateral to secure such debt, such borrowing and any renewal thereof to bear such rates of interest as the above designated officers may, from time to time, negotiate with such commercial banks and other lenders.

BE IT FURTHER RESOLVED, that the above designated officers of the Company are hereby authorized and empowered to apply to the Minnesota Public Utilities Commission for an Order authorizing such borrowing, and the pledging of the Company's assets as collateral to secure such debt, and to execute and deliver, on behalf of the Company, a Petition to said Minnesota Public Utilities Commission for such purposes, such Petition to be in such form as the officer executing the same, on advice of counsel, deems necessary.

BE IT FURTHER RESOLVED, that, subject to receipt of regulatory approval and further subject to the foregoing \$29,000,000.00 long-term debt limit and \$2,500,000.00 short-term limit, the authorized officers are hereby authorized to offer, issue and sell secured and unsecured debt instruments of the Company to one or more private investors in a private placement (the "Private Placement"), the terms of which shall be substantially as follows: (1) the debt instruments shall be offered on a best-efforts basis; (2) the debt instruments shall be offered and sold solely to "accredited investors" as the term is defined in Regulation D of the Securities Act of 1933, as amended; (3) the Private Placement shall terminate on June 30, 2020; (4) the debt instruments may be secured or unsecured, and contain such other terms and conditions, and bear such rates of interest, as the officers of the Company deem reasonable and appropriate under the circumstances; and (5) the debt instruments shall be offered and sold by the directors and executive officers of the Company who shall receive no special consideration therefor or by one or more licensed broker-dealers engaged by the officers of the Company.

BE IT FURTHER RESOLVED, that, prior to incurring and additional indebtedness or pledging the assets of the Company as collateral for such indebtedness, the officers of the Company shall obtain the consent of its current lenders as may be required or appropriate.

BE IT FURTHER RESOLVED, that the officers of the Company are hereby authorized and directed to prepare a disclosure document relating to the Private Placement.

BE IT FURTHER RESOLVED, that the officers of the Company are hereby authorized to: (1) accept on behalf of the Company subscriptions for the purchase of the debt instruments; and (2) execute and deliver to investor's promissory notes or other appropriate instruments evidencing such indebtedness.

BE IT FURTHER RESOLVED, that the officers of the Company are hereby authorized to determine the states in which the debt instruments offered in the Private Placement may be offered and sold, and to take appropriate action to register or qualify the debt instruments for sale in such states or obtain exemptions for such sale and that any form or resolution, including but not limited, to, the resolution attached hereto as Exhibit A, required by any state to be adopted in particular language for the purpose of registering or qualifying the debt instruments for sale is adopted by this resolution and may be certified as having been adopted by this resolution with the same effect as if set forth in full in this resolution, provided counsel for the Company has approved the form of the resolution.

#### **Miscellaneous**

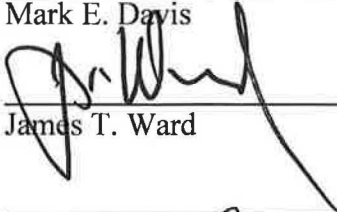
BE IT RESOLVED, by the Board of Directors of Greater Minnesota Gas, Inc. that the officers of the Company, or designees, and each of them acting alone, are hereby authorized and directed to prepare and execute such documents and take such actions which are deemed appropriate or necessary in order to carry out the purpose and intent of the above resolutions.

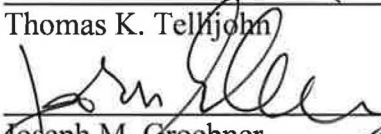
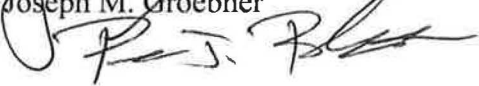
BE IT FURTHER RESOLVED, that any actions taken by the officers and directors prior to the date of this Resolution that are within the authority conferred hereby are hereby ratified, confirmed and approved in all respects as the true and lawful act and deed of the Company.




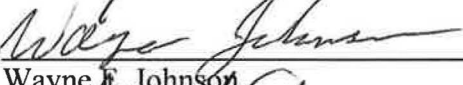
**IN WITNESS WHEREOF**, the undersigned have executed this Resolution effective as of the day and year first above written. This Resolution may be signed in two or more counterparts that together constitute one and the same Resolution.

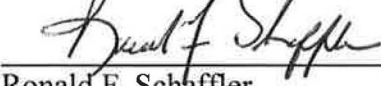
**BOARD OF DIRECTORS**

\_\_\_\_\_  
Mark E. Davis  
  
\_\_\_\_\_  
James T. Ward

\_\_\_\_\_  
Thomas K. Telljohn  
  
\_\_\_\_\_  
Joseph M. Groebner  


\_\_\_\_\_  
Paul J. Borchert  
  
\_\_\_\_\_  
Gregory H. Palmer

\_\_\_\_\_  
Wayne F. Johnson  


\_\_\_\_\_  
Ronald F. Schaffler  


**EXHIBIT A**

UNIFORM FORM OF  
CORPORATE RESOLUTION  
OF  
GREATER MINNESOTA GAS, INC.

RESOLVED, that it is desirable and in the best interest of this Company that its securities be qualified or registered for sale in various states; that the officers hereby are authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of this Company as said officer may deem advisable; that the officers are hereby authorized to perform on behalf of this Company any and all such acts as said officers may deem necessary or advisable in order to comply with the application laws of any such states, and in connection therewith, to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service or process; and the execution by said officer of any such paper or document or the doing by said officer of any act in connection with the foregoing matters shall conclusively establish said officer's authority therefor from this Company and the approval and ratification by this Company of the papers and documents so executed and the action to taken.

Kay L Wallerich  
Attorney / HR Consultant  
412 Ledlie Ln ♦ Mankato, MN 56001  
[kay@wallerichconsulting.com](mailto:kay@wallerichconsulting.com)  
p 507.400.3306 c 507.380.2262



November 29, 2018

Mr. Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East  
St Paul, MN 55101-2147

Re: Greater Minnesota Gas, Inc. – Issuance of Debt Instruments

Dear Dr. Wolf:

I have acted as counsel for GREATER MINNESOTA GAS, INC., a Minnesota corporation (the “Company”). At the Company’s request, I am providing this opinion to you in connection with the Company’s submission to the Minnesota Public Utilities Commission (the “Commission”) of its Compliance Filing/Informational Reporting dated November 29, 2018, (the “Application”), pursuant to Minnesota Rules Part 7825.1400, subpart I.

I have reviewed such questions of law and examined such corporate documents, records, agreements and other instruments of the Company, certificate of public officials, certificates of officers of the Company (the “Certificates”) and such other documents as I have deemed necessary to form the basis for the opinions hereinafter expressed. I have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all documents submitted to us as copies. I have also assumed that the Application, all documents related to the Application and all other documents examined by us have been duly and validly authorized, executed and delivered by, and are legally valid and binding on and enforceable against, each of the parties thereto.

I hereby advise the Commission that I have not made any independent investigation or inquiry with respect to the opinions rendered herein. As to matters of fact, I have relied solely on our review of the Certificates and have assumed that the recitals of fact and the representations and warranties as to factual matters therein are true, complete and correct as of the date hereof. The use and phrase “to our knowledge” or words to similar effect qualify this opinion with respect to the existence of facts or the absence of facts, as the case may be, is intended to indicate that, during the course of our representation of the Company, no information has come to my attention that has given us current, actual knowledge that the statements made with respect to the existence or absence of such facts, as the case may be, are untrue. I have not undertaken any independent investigation or inquiry to determine the existence or absence of such facts, and no inference as to our knowledge of the existence or absence of such facts should be drawn from such representation or opinions.

In rendering the opinions set forth herein, I am expressing no opinion as to the applicability to or effect on the Proposed Debt Instruments (as defined below) and/or the transactions contemplated by the Proposed Debt Instruments, of any laws, ordinances, rules, statutes, regulations, decisions, or administrative interpretations (a) of any county, locality, municipality; or (b) pertaining to any of the following areas; labor relations, employee and management relations; pension, retirement, deferred compensation or any other employee benefits, including, without limitation, ERISA; taxes; and antitrust, trade regulation and franchising. The matters referred to in clauses (a) and (b) of this paragraph are collectively referred to herein as the "Excluded Laws." Accordingly, for purposes of rendering the opinions set forth herein, I have assumed that the Excluded Laws do not apply to and have no effect on the Proposed Debt Instruments and the transactions contemplated thereby, even though such assumption is or may be contrary to fact.

I hereby advise the Commission that I did not prepare the Application or otherwise represent or advise the Company with respect to the Application. Furthermore, our opinion is limited to the issuance of debt securities and debt instruments by the Company. I express no opinion as to the issuance of any equity securities by the Company, nor do I express any opinion as to the issuance of any debt or equity securities by the Company's parent, Minnesota Greater Synergy, Inc.

Based on the foregoing and subject to the qualifications and exceptions heretofore and hereinafter set forth, I am of the opinion that, as of the date hereof:

1. The Company is a corporation duly organized, validly existing and, based solely on the search of the Minnesota Secretary of State Business & Lien System on November 28, 2018, is active and in good standing under the laws of Minnesota.
2. Subject to the approval of the Application by the Commission, the Company has all requisite corporate power and authority to incur the additional indebtedness, and to issue debt instruments contemplated to evidence such indebtedness (the "Proposed Debt Instruments"), pursuant to and in accordance with the terms and conditions set forth in the Application.
3. The issuance of the Proposed Debt Instruments does not conflict with or result in a violation of any provision of the Company's Articles of Incorporation or Bylaws.
4. Subject to: (i) the approval of the Application by the Commission, (ii) compliance by the Company with the Securities Act of 1933, as amended, and (iii) compliance by the Company with the Minnesota Securities Act (and other applicable state securities laws), to our knowledge, the issuance of the Proposed Debt Instruments does not conflict with or result in a violation of any provision of law, rule or regulation applicable to the Company.
5. Subject to obtaining the consent of the Company's current or future lenders(s), the issuance of the Proposed Debt Instruments does not conflict with or result in a violation of any provision of, result in a breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or result in or permit the termination or modification of, any agreement, instrument or agreement known to us to which the Company is a party, in each case where the same would have a material adverse effect on the Company.

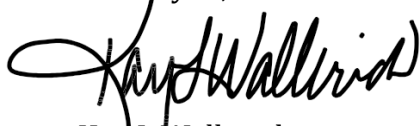
This opinion speaks only as of the date hereof, and I render no opinion as to what other facts or circumstances might subsequently arise or what other actions or omissions might hereafter be taken by any party which, if so arising or so taken, would affect any of the opinions rendered hereby. I undertake no duty or obligation to advise you as to the occurrence of any such facts or

circumstances or to otherwise update or reaffirm this opinion. This opinion is based on existing facts, statutes, rules and regulations and judicial rulings and is subject to changes thereto. I do not undertake to advise you with respect to any future changes which may affect this opinion.

I am a member of the Bar of the State of Minnesota and do not purport to express any opinion as to any laws other than the laws of the State of Minnesota or the federal laws of the United States of America.

This opinion is rendered to you and is solely for your benefit. Other than as specifically set forth herein, this opinion may not be relied upon by you for any other purpose, or be furnished to, quoted or relied upon by any other person, firm or corporation or for any other purpose without our express written consent except as disclosure may be required by applicable law or legal process.

Thank you,

A handwritten signature in black ink, appearing to read "Kay L Wallerich". The signature is fluid and cursive, with a large initial "K" and "W".

Kay L Wallerich

cc: Greg Palmer

**TRADE SECRET BEGINS**

Attachment No. 6  
Part 1  
Balance Sheet

**TRADE SECRET BEGINS**

Attachment No. 6  
Part 2  
Income Statement

Attachment No. 6  
Part 2  
Income Statement by Month

**TRADE SECRET ENDS**



**TRADE SECRET BEGINS**

State of Minnesota

5632

**SECRETARY OF STATE**

CERTIFICATE OF INCORPORATION

I, Joan Anderson Growe, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

This corporation is now legally organized under the laws of Minnesota.

Corporate Name: Greater Minnesota Gas, Inc.

Corporate Charter Number: 8V-267

Chapter Formed Under: 302A

This certificate has been issued on 08/24/1995.



*Joan Anderson Growe*  
Secretary of State.

8V-267

Articles of Incorporation

The undersigned incorporator is an individual 18 years of age or older and adopts the following articles of incorporation to form a for-profit business corporation (Chapter 302A).

Article I - Name

The name of the corporation is Greater Minnesota Gas, Inc.

Article II - Registered Office Address

The registered office address of the corporation is 521 3rd Street, Suite 304, Farmington, MN, 55024.

Article III - Shares

The corporation is authorized to issue a total of 100,000 shares of common stock of only one class, each with one vote per share.

Article IV - Business Scope

The corporation will engage in the distribution of natural gas to industrial, commercial and residential customers and provide related services. The corporation will restrict its activities to providing service to customers within the State of Minnesota. The Standard Industrial Classification Code that most accurately describes the nature of the business is 49, Utilities.

Article V - Incorporator

I, the undersigned incorporator, certify that I am authorized to execute these articles and that the information in these articles is true and correct. I also understand that if any of this information is intentionally or knowingly misstated that criminal penalties will apply as if I had signed these articles under oath.

Mychael L. Swan 521 3rd St, Suite 304, Farmington, MN 55024

Name Street City State Zip

Signature Mychael L. Swan

612-460-8325

Telephone

STATE OF MINNESOTA DEPARTMENT OF STATE FILED

AUG 24 1995

Jan Carlson Stone Secretary of State

Attachment No. 8  
Amount and Kinds of Stock

<b>GREATER MINNESOTA GAS, INC.</b>						
<b>The Amount and Kinds of Stock</b>						
<b>Authorized by the Articles of Incorporation</b>						
<b>As of September 30, 2018</b>						
	Par Value	Authorized		Issued and Outstanding		
	Per Share	Face Value	No. of Shares	\$	No. of Shares	
Preferred Stock						
None						
Common Stock	No	\$ -	100,000	\$ 10,476,091	100	
Total				<u>\$ 10,476,091</u>	<u>100</u>	

**TRADE SECRET DATA BEGINS**

**TRADE SECRET DATA ENDS**

**TRADE SECRET BEGINS**

**TRADE SECRET ENDS**

<b>GREATER MINNESOTA GAS, INC.</b>	
<b>Capital Expenditures Projected by Category</b>	
	2019 Capital Expenditures Budget
System Replacement & Reinforcement	\$ 793,000
Vehicles, Equipment & Office Equipment	255,000
Office Building	800,000
Customer Additions & Main Extensions	1,727,000
<b>Total Capital Expenditures</b>	<b>\$ 3,575,000</b>

**TRADE SECRET BEGINS**

Attachment No. 12

Page 1 of 3

Cash Flow 2017





