

Staff Briefing Papers

Meeting Date February 12, 2026 **Agenda Item 1****

Company Greater Minnesota Gas, Inc.

Docket No. G-022/GR-24-350

In the Matter of the Application of Greater Minnesota Gas, Inc. for Authority to Increase Rates for Natural Gas Utility Service in Minnesota

Issues Should the Commission reopen, reconsider, and/or clarify its November 26, 2025 Findings of Fact, Conclusions, and Order?

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✓ **Relevant Documents**

Date

Minnesota Public Utilities Commission – Findings of Fact, Conclusions, and Order November 26, 2025

Greater Minnesota Gas, Inc. – Petition for Reconsideration and Clarification December 16, 2025

Minnesota Department of Commerce, Division of Energy Resources - Answer December 29, 2025

Office of the Attorney General – Residential Utility Division - Answer December 29, 2025

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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I. BACKGROUND

On November 1, 2024, Greater Minnesota Gas, Inc. (GMG) filed a general rate case with the Minnesota Public Utilities Commission (Commission) requesting a \$1.4 million annual increase, or 7.7 percent, to its Minnesota retail natural gas rates, effective January 1, 2025, based on a rate of return on common equity capital of 10 percent.

On November 26, 2025, the Commission issued its *Findings of Fact, Conclusions, and Order* (Order). This Order required GMG to increase its small commercial count to 990 customers because that number more accurately reflected the actual number of small commercial customers than GMG's request of 946 customers.

On December 16, 2025, GMG filed its Petition for Reconsideration and Clarification (Petition). GMG requested that the Commission reconsider its decision requiring GMG to increase its small commercial count to 990 customers.

On December 29, 2025, both the Minnesota Department of Commerce, Division of Energy Resources (Department) and the Office of the Attorney General - Residential Utilities Division (OAG) filed answers to GMG's Petition.

II. MINNESOTA STATUTES AND COMMISSION RULES

Petitions for reconsideration are subject to Minnesota (Minn.) Statute (Stat.) Section (§) 216B.27, and Minn. Rules, part 7829.3000. Petitions for reconsideration are denied by operation of law unless the Commission acts within sixty days of the request. If the Commission takes no action on GMG's petition, the request would be considered denied as of February 14, 2026. However, since February 14, 2026, is a Saturday, and the following Monday is a federal holiday, this denial would arguably not be in effect until Tuesday, February 17, 2026. The Commission may also take specific action to deny the petition by issuing an order denying reconsideration.

When petitions for reconsideration are filed, the petitioner must "set forth specifically the grounds relied upon, or errors claimed."¹ The Commission traditionally reviews petitions for reconsideration "to determine whether the petition (i) raises new issues, (ii) points to new and relevant evidence, (iii) exposes errors or ambiguities in the underlying order, or (iv) otherwise persuades the Commission that it should rethink its decision."²

The motion to require usage of 990 small commercial customers was made by Commissioner

¹ Minn. R. 7829.3000, subp. 2.

² *In the Matter of the Application by Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-21-630, Order Denying Petition for Reconsideration, Denying Petition for Clarification, and Granting Clarification at 2 (October 6, 2023).



Tuma and was approved on a vote of 4-0, with Commissioner Ham absent. Because it was a 4-0 decision, all Commissioners that participated in the vote are eligible to make a motion to grant GMG's request for reconsideration.

If the Commission takes up a party's request for reconsideration, the Commission can: (1) grant reconsideration, and (a) affirm, (b) modify or (c) reverse its initial decision, or (2) deny the petition for reconsideration and thereby affirm the decision.

III. DISCUSSION

A. Introduction

In its initial sales forecast, GMG included 946 small commercial customers in its Test Year, which reflected GMG's expectation that there would be no increase in that customer class. In support of its projection, GMG explained that its growth from 2009 through 2023 resulted from its extension of natural gas service to rural markets that were previously unserved by a natural gas utility. Since GMG did not plan any major extensions into unserved communities during the Test Year, and all the development identified for future growth is residential, GMG projected no additional small commercial customers.

The OAG disagreed with GMG's projection and recommended increasing the small commercial customer count to 990 based on growth in the class in recent years. The OAG observed that GMG already had 970 small commercial customers in October 2024 and 996 by the end of 2024.

GMG did not oppose updating all customer counts, including the small commercial customer count, and asserted that updating the counts to 2024 year-end actuals would provide for the greatest accuracy. GMG submitted an updated sales forecast accordingly.

The OAG recommended against approving the updated sales forecast because GMG did not update all its costs along with the customer counts, which, according to the OAG, resulted in an unreasonable increase in the revenue requirement. The OAG asserted that without updated costs there is no reliable basis in the record to recalculate the sales forecast using 2024 actuals. Even though the OAG was opposed to the updated sales forecast, the OAG continued to recommend increasing GMG's small commercial customer count to 990 based on historical trends.

B. Commission Decision

In its Order, the Commission determined that there was not a reasonable basis in the record to approve GMG's updated sales forecast.³ Specifically, the Commission stated:

³ Findings of Fact, Conclusions, and Order at 26.



The Commission agrees with the OAG that GMG should increase its small commercial count to 990 because that number more accurately reflects the actual number of GMG's small commercial customers than the Company's request of 946. The record reflects that GMG had 970 small commercial customers in October 2024 and 996 by the end of 2024. Given these numbers, a small commercial customer count of 990 is more reasonable than using a count of 946 even with GMG's projection that it will not add any new small commercial customers during the Test Year.

The Commission also agrees with the OAG that there is not a reasonable basis in the record to approve GMG's updated sales forecast. Updating revenues without updating costs brings into question the accuracy of the updated revenue requirement. The Commission is therefore not persuaded that GMG has met its burden of establishing that the updated sales forecast is reasonable.

To align the ALJ report with these conclusions, the Commission will adopt the OAG's proposed modifications to the ALJ Report, specifically paragraphs 184–196, as they appear in the OAG's July 31, 2025 exceptions.⁴

C. GMG's Petition for Reconsideration

GMG argued the Commission erred in adjusting GMG's sales forecast only for the small commercial customer class. By updating the Small Commercial Customer count but retaining the customer counts from GMG's original Test Year forecast for all other customer classes, the Commission's Order established an unreasonably high level of sales that is unreliable.

To correct this error, GMG requested that the Commission modify its Order and adopt GMG's updated sales forecast, which includes updated customer counts that better reflect GMG's customer base.

Also, in response to concerns that GMG's updated sales forecast did not also update costs other than the cost of gas, GMG stated "given the relatively modest number of incremental customers at issue here, the vast majority of the costs incurred is the cost of gas, and those costs have been removed in the GMG's updated forecast."⁵ Finally, GMG noted that the Commission did not require an adjustment updating costs associated with adopting the OAG's recommended Small Commercial customer count.⁶

⁴ *Id.*

⁵ GMG Petition at 5.

⁶ *Id.*



D. Department Answer to GMG's Request

The Department recommended that the Commission deny GMG's reconsideration. The Department argued that the Commission correctly determined that GMG's updated sales forecast was inaccurate because it did not update its costs.

Specifically, the Department argued GMG chose to file a forecast for a 2025 test year that not only included fewer small commercial customers than it had on its system at the time of filing but included fewer small commercial customers than it had on its system at the start of February 2024. GMG further compounded the inaccuracy of its forecast by deeming all additions to its system as residential, even though it has consistently added around 30 small commercial customers per year since 2019. The Commission correctly found that even if GMG did not add any new small commercial customers during the test year, it was reasonable to use a count of 990—a number that was still lower than the GMG's actual 2024 end of year count. Allowing GMG to use an updated sales forecast without correspondingly updating its forecasted expenses would not produce just and unreasonable rates.

E. OAG's Answer to GMG's Request

Similar to the Department, the OAG also recommended that the Commission deny GMG's reconsideration.

1. Error or Ambiguity of Commission Order

The OAG argued the Commission's Order is fully supported by the record. The OAG noted that GMG presented a new forecast of its customer counts for all customer classes in rebuttal testimony that purported to increase its revenue requirement by \$92,834. However, GMG did not update any cost other than the cost of gas, meaning this large increase to its revenue requirement was calculated incorrectly using data sets that did not match. The OAG noted that while GMG's actual year-end customer count was lower than in its original forecast, resulting in reduced forecasted revenues in its rebuttal sales forecast, GMG's actual year-end costs were also lower than originally forecasted, which would have offset the reduced revenues if GMG had updated its costs. The Commission found that "using the updated sales forecast but the original costs of service and operating expenses as advocated by GMG would mean an artificially increased overall revenue requirement and incorrect Class Cost of Service analysis."⁷

The OAG noted that the Commission made multiple findings supporting the conclusion that GMG had failed to carry its burden to demonstrate that its small commercial customer count forecast should remain at 946 customers. The Commission found that, whereas GMG had claimed that 946 small commercial customers was reasonable because it had not identified any new commercial loads to be added to its system, GMG already had 970 small commercial customers. GMG then added another 26 customers, ending 2024 with 996 small commercial

⁷ Finding of Fact, Conclusions, and Order at 25, 48.



customers.⁸ Additionally, the Commission found that GMG had historically added about 30 small commercial customers each year from 2018 to 2023, and that GMG had not carried its burden to demonstrate that it would not add any new small commercial customers in 2025.

The OAG argued that because of these findings, the Commission adopted the OAG's recommendation to use the original test year sales forecast, which appropriately matched forecasted revenues and forecasted costs to calculate an accurate revenue requirement, and to increase the forecasted test-year small commercial customer count to 990 customers to reflect the finding that GMG's projection of zero growth in that class was unreasonable.

2. GMG's Failure to Address Commission Finding Regarding the Inaccuracy of GMG's Updated Forecast

In addition to the discussion above, the OAG argued that GMG failed to address the Commission's concern regarding the inaccuracy of GMG's updated Sales Forecast. The OAG argued that GMG failed to address for the Commission's determination that GMG's rebuttal sales forecast is flawed. Specifically, GMG failed to update its costs when it updated its customer counts. Thus, contrary to GMG's contention that the Commission reduced GMG's revenue requirement "by more than \$90,000," the OAG argued that the Commission rejected GMG's attempt to artificially increase its revenue requirement by that amount. The Commission concluded that "there is not a reasonable basis in the record to approve GMG's updated sales forecast. Updating revenues without updating costs brings into question the accuracy of the updated revenue requirement."⁹

Also, the OAG argued that GMG failed to address any of the Commission's findings supporting the adoption of a forecasted test-year small commercial customer count of 990 customers. GMG focused on the single statement that 990 customers is closer to GMG's actual small commercial customer count than GMG had forecasted, and ignored all of the Commission's relevant findings, namely that GMG (1) had claimed that it would not add any small commercial customers in 2025 even after it had already added many of them in 2024; (2) failed to provide any explanation for this discrepancy or any evidence that it would not continue to grow; and (3) had added an average of 30 small commercial customers each year from 2018 to 2023. These findings, ignored by GMG, demonstrated that there is no error or ambiguity in the Commission's order.

The OAG argued that GMG inaccurately represented the evidentiary record. For example, GMG stated that "the Commission did not require an adjustment updating costs associated with adopting the OAG's recommended Small Commercial customer count."¹⁰ In response, the OAG noted that the Commission did not "require" an update to costs because the OAG's sales

⁸ *Id.* at 25, 48.

⁹ *Id.* at 26.

¹⁰ GMG Petition at 5.

forecast that the Commission adopted already incorporated updated costs.

The OAG noted that in its rebuttal testimony, GMG did not rebut the OAG's cost calculations or attempt to provide alternative cost estimates for changing the small commercial customer count. Nor did GMG follow the OAG's example and offer its own updated costs, instead updating only its customer counts in order to increase its revenue requirement by \$92,834. By contrast, the OAG's recommendation that appropriately incorporated updated costs resulted in only a modest \$13,840 reduction to GMG's revenue requirement.

Finally, the OAG argued that instead of performing a supported and methodologically sound sales forecast adjustment in rebuttal, as the OAG did in direct testimony, GMG chose to only update its forecasted customer counts for all classes without updating associated costs. The OAG concluded that GMG's argument relies on ignoring the majority of the relevant Commission findings and should be rejected.

F. Staff Comments

The Commission traditionally reviews petitions for reconsideration "to determine whether the petition (i) raises new issues, (ii) points to new and relevant evidence, (iii) exposes errors or ambiguities in the underlying order, or (iv) otherwise persuades the Commission that it should rethink its decision."¹¹ In its Petition, GMG argued that the Commission erred by ordering GMG to increase its sales forecast for the small commercial class from 946 customers to 990 customers. Both the Department and OAG argued that the Commission had ample record evidence to support its decision and recommended denial of GMG's request.

¹¹ *In the Matter of the Application by Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-21-630, Order Denying Petition for Reconsideration, Denying Petition for Clarification, and Granting Clarification at 2 (October 6, 2023).

IV. DECISION OPTIONS

1. Grant GMG's request for reconsideration. [GMG]
2. Deny GMG's request for reconsideration. [Department, OAG]