

December 10, 2020

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G004/MR-20-822

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department), in the following matter:

A Petition by Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., (Great Plains or the Company) to Establish a New Base Cost of Gas in Compliance with the Commission's Order in Great Plain's General Rate Filing in Docket No. G004/GR-19-511.

The Petition was filed on November 10, 2020 by:

Travis R. Jacobson
Director of Regulatory Affairs
Great Plains Natural Gas Company
705 West Fir Avenue
PO Box 176
Fergus Falls, Minnesota 56538-0176

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** Great Plains' base cost of gas filing to coincide with the implementation of final rates in Docket No. G004/GR-19-511.

The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ SACHIN SHAH
Rates Analyst

SS/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. G004/MR-20-822

I. BACKGROUND AND SUMMARY OF GREAT PLAINS' PROPOSAL

Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains or the Company), requests that the Minnesota Public Utilities Commission (Commission) approve a new base cost of gas (BCOG) in compliance with the Commission's *October 26, 2020 Findings of Fact, Conclusions, and Order* (October 26 Order) in Docket No. G004/GR-19-511 (Docket 19-511). Ordering Paragraph No. 13b of the Commission's October 26 Order required the Company to submit within 30 days a revised base cost of gas, supporting schedules, and revised fuel adjustment tariffs.

On November 22, 2019, the Commission issued its *Order Approving Base Cost of Gas* (BCOG Order) in Docket No. G004/MR-19-512 (Docket 19-512). In its BCOG Order, the Commission required the following:

1. The Commission hereby approves Great Plains' base cost of gas petition, as modified by the Department.
2. Great Plains must provide updated cost of gas information in this proceeding and in its companion general rate case and work with Commission staff to determine the appropriate timing for providing this information, and to determine whether the updated information should be applied to Great Plains' base cost of gas and reflected in the accompanying general rate case.
3. This order shall become effective immediately.

On June 30, 2020, the Administrative Law Judge (ALJ) issued her *Findings of Fact, Conclusions of Law and Recommendation* (ALJ Report) in Docket No. 19-511.

On July 8, 2020, Great Plains filed its update in compliance with the BCOG Order in Docket No. 19-512.

On November 10, 2020, Great Plains submitted its Base Cost of Gas Filing (Petition) pursuant to the Commission's October 26 Order, Minnesota Rules part 7825.2700, subpart 2, and Minnesota Rules 7825.3200(B).¹

¹ On November 10, 2020, Great Plains also filed its Compliance Filing in Docket 19-511, which includes the same information for the base cost of gas as submitted in this docket.

The Minnesota Department of Commerce, Division of Energy Resources' (Department) analysis of Great Plains Petition is presented below.

II. THE DEPARTMENT'S ANALYSIS

A. BACKGROUND OF BASE COST OF GAS

The total amount of gas costs for which ratepayers pay is the sum of the base cost of gas (base) and the Purchased Gas Adjustment (PGA) rate:

$$\text{Current recovery of gas costs in rates} = \text{base} + \text{PGA}$$

The base is used as a reference point, which is set in a general rate case, for calculating the monthly PGA. The PGA provides a mechanism for utilities to pass through changes in gas costs automatically on a monthly basis. The base cost rate is updated with the implementation of interim rates in each general rate case to give customers better information about current gas costs at the time of the general rate proceeding. The base cost rate is also reviewed at the time of final rates to determine if it complies with Minnesota Rules and Commission Orders.

B. COMPLIANCE WITH MINNESOTA RULES AND COMMISSION ORDERS

Both the October 26 Order and Minnesota Rule 7825.2700, subpart. 2, require Great Plains to submit a new base cost of gas as part of its rate case compliance filing submitted as a result of a general rate case proceeding. The Company, in compliance with the BCOG Order in Docket No. 19-512, made changes during the rate case proceeding to the commodity and demand cost elements of the base cost of gas for its customer classes approved in the Commission's October 26 Order in docket 19-511.

However, Ordering Paragraph 13.a (ii)(3) states that the Company shall file for each customer class, among other information, the per-unit commodity cost of gas and the per-unit demand cost of gas. That information is included in the current filing. The Department's review also indicates that the Company complied with the requirements of Minnesota Rules 7825.2700, subpart. 2, by stating separately the demand base cost and the commodity base cost components for each rate type (i.e., firm and dual fuel).

The Department reviewed Great Plains current base cost of gas compliance filing for consistency with the Commission's October 26 Order. The per-dekatherm demand-cost and commodity-cost figures, based on the schedule of demand cost and commodity costs for customer classes in the October 26 Order and the Commission-approved sales forecast volumes, are presented in Company Exhibits B-C of this base cost of gas filing. The Department concludes that these schedules are consistent. Thus, the Department recommends that the Commission approve Great Plains final base cost of gas calculation.

III. CONCLUSION AND RECOMMENDATIONS

As discussed above, the Department recommends that the Commission approve Great Plains new base cost of gas to coincide with the implementation of final rates in Docket 19-511.

/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. G004/MR-20-822

Dated this **10th** day of **December 2020**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-822_MR-20-822
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-822_MR-20-822
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St Bismarck, ND 58501	Electronic Service	Yes	OFF_SL_20-822_MR-20-822
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_20-822_MR-20-822
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-822_MR-20-822
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-822_MR-20-822