MINNESOTA
PUBLIC UTILITIES COMMISSION

Staff Briefing Papers

Meeting Date	April 26, 2018		Agenda Item 5*
Company	All Commission-Regulated Natural Gas Utilities		
Docket No.	**G-999/AA-16-524, et al (please see attached list)**		
	In the Matter of the Review of the 2015-2016 Annual Automatic Adjustment Reports and Annual Purchased Gas Adjustment (PGA) True-up Filings		
Issues	1. Should the Commission accept the natural gas utilities' 2015-2016 annual automatic adjustment reports and 2015-2016 annual true-up filings?		
Staff	Eric Bartusch	eric.bartusch@state.mn.us	651-201-2259
	Sundra Bender	sundra.bender@state.mn.us	651-201-2247

✓ **Relevant Documents**	**Date**
Department – Review of the 2015-2016 AAA Reports	August 11, 2017
Greater Minnesota Gas – Reply Comments	August 16, 2017
CenterPoint Energy – Reply Comments	August 21, 2017
Minnesota Energy Resources Corporation – Reply Comments	August 21, 2017
Department – Response to Reply Comments	September 26, 2017

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.

Contents

I. Statement of the Issues

Should the Commission accept the natural gas utilities' 2015-2016 annual automatic adjustment reports and 2015-2016 annual true-up filings?

II. Introduction

Every year the natural gas utilities file by September 1 annual automatic adjustment reports and annual purchased gas adjustment true-up filings for the preceding July 1 through June 30 fiscal gas year. Each year, the Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) performs an extensive review of the utilities' filings. In the current dockets, the natural gas utilities incurred and recovered total purchased gas costs during the 2015-2016 fiscal gas year of approximately $731 million and $713 million, respectively. There are no issues in dispute.

III. Background

Automatic rate adjustments are covered under Minnesota Rules parts 7825.2390 through 7825.2920. Every year the Commission reviews the automatic adjustment of charges reported in the natural gas and electric utilities' annual automatic adjustment (AAA) reports and the natural gas utilities' annual true-up filings. The Commission's review is closely tied to the Department's review of these filings. The electric utilities' 2015-2016 AAA reports were reviewed and addressed in Docket No. E-999/AA-16-523.

On or about September 1, 2016,[1] the following gas utilities submitted AAA reports in this docket (Docket No. G-999/AA-16-524) and true-up filings (true-ups) in the dockets indicated below:

Greater Minnesota Gas, Inc. (GMG)	G-022/AA-16-715
Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains)	G-004/AA-16-719
Minnesota Energy Resources Corporation- (MERC-NNG PGA)	G-011/AA-16-732
Minnesota Energy Resources Corporation-(MERC-Consolidated PGA)	G-011/AA-16-734
Minnesota Energy Resources Corporation-(MERC-Albert Lea PGA)	G-011/AA-16-733
CenterPoint Energy (CenterPoint Energy or CPE)	G-008/AA-16-730
Northern States Power Company, d/b/a Xcel Energy (Xcel Gas)	G-002/AA-16-725

Each year, the Department prepares a comprehensive review and analysis of the utilities' annual reports and provides comment on other topics that it believes are important. On August 11, 2017, the Department submitted its REVIEW OF THE 2015-2016 ANNUAL AUTOMATIC ADJUSTMENT REPORTS (Review). In its Review, the Department recommended the Commission accept the fiscal-year ending on June 30, 2016 (FYE16) annual reports as filed

[1] On September 1, 2016, MERC requested variances to Minnesota Rules and an extension of time to file its 2015-2016 AAA Reports and annual true-ups. On September 2, 2016 it filed its NNG PGA area and Albert Lea PGA area AAA Reports and on September 26, 2016 it filed its Consolidated PGA area AAA Report.

by the gas utilities as being complete as to Minnesota Rules, parts 7825.2390 through 7825.2920. The Department also recommended the Commission accept the annual true-up filings of all of the natural gas utilities: GMG, Great Plains, MERC, CenterPoint Energy, and Xcel Gas. However, the Department requested that GMG (but not MERC) provide a discussion in reply comments explaining how GMG came to have "found" gas on its system during FYE16.

The Department also provided comments on the gas utilities' 2015-2016 gas costs, peak-day demand profiles and pipeline transportation sources, capacity releases, annual auditor reports, lost-and-unaccounted for gas, contractor main strikes and meter testing, purchasing and hedging practices, distribution planning, as well as other topics.

On August 16, 2017, GMG submitted reply comments.

On August 21, 2017, CenterPoint Energy and MERC submitted reply comments.

On September 26, 2017 the Department submitted response comments (Department Response). The Department Response addresses GMG's and MERC's reply comments.

IV. Department Review

The Department's Review stated:[2]

> In FYE16, natural gas prices were lower than prices during FYE15. Generally, prices decreased during the reporting period due to the warmer-than-normal winter and large amount of natural gas that remained in storage. The Henry Hub price began the reporting period at $2.84 per Mcf in July 2015 and ended the reporting period around $2.59 per Mcf in June 2016, but during the year pricing ranged from the high of $2.84 in July 2015 to a low of $1.73 per Mcf in March 2016 highlighting the glut of [available] gas [supply] coming out of the heating season. [Footnotes omitted.]
>
> With the prevalence of shale gas, natural gas production has become more diversified and less reliant on any single basin or area of production. The industry still has concentration in the Gulf of Mexico making hurricanes an ongoing concern of market interruption. During FYE16 there were no major interruptions from hurricanes, and the FYE16 annual temperatures were warmer than normal. The storage inventory level reached historic heights as injections were above average due to increasing production and mild weather resulting in lower demand. …

[2] Department Review at pages ii through iii.

A. FYE16 AAA Reports and True-up Filings

The Department concluded that all five regulated Minnesota gas utilities met the annual filing requirements, including the provision of information relating to fuel procurement and the annual true-up adjustment.

Gas costs are a significant portion of most customers' bills. The Department found that the gas utilities incurred approximately $731 million in natural gas commodity, transportation, storage and related purchased gas costs for the fiscal year ended June 30, 2016. This represents a decrease in gas costs of approximately $410 million, or approximately 36 percent from the level in FYE15. The gas utilities recovered approximately $712.5 million in natural gas costs in base rates and the monthly purchased gas adjustment (PGA). The PGA system over- and under-recoveries during FYE16 ranged from a 1.32 percent over-recovery for GMG to an under-recovery of 3.47 percent for MERC-Albert Lea.

The following table (Table G1) was copied from page 5 of the Department's Review:

Table G1: Summary of Gas Utilities' Annual Demand & Commodity Cost Recovery
July 1, 2015 - June 30, 2016

Utility/System	Gas Cost Recovered ($)	Incurred Cost of Gas ($)	Over(Under) Recovery ($)	Over(Under) Recovery (%)
Greater Minnesota	$3,975,174	$3,923,221	$51,953	1.32%
Great Plains				
North	$5,077,612	$5,163,189	$(85,577)	(1.66%)
South	$5,610,225	$5,752,732	$(142,507)	(2.48%)
MERC				
CON	$19,154,988	$19,018,750	$136,238	0.72%
NNG	$92,150,994	$94,613,319	$(2,462,325)	(2.60%)
AL	$5,275,747	$5,465,133	$(189,386)	(3.47%)
CenterPoint Energy	$372,764,107	$383,527,681	$(10,763,574)	(2.81%)
Xcel Gas	$208,493,362	$213,484,094	$(4,990,732)	(2.34%)
MN TOTAL	**$712,502,209**	**$730,948,119**	**$(18,445,910)**	**(2.52)%**

[Footnotes omitted.]

In footnote 7 of its Review, the Department stated that the information for Table G1 can be found in each of the utilities' true-up filings. A summary of each true-up filing has been included as Department Attachments G5 through G11.

In footnote 8 of its Review, the Department stated, "Except for CenterPoint Energy, the recovery in Table G1 includes credits or revenues related to gas costs. CenterPoint Energy's revenues related to annual credits were $1,044,351 in FYE16. As shown on DOC Attachment G10, CenterPoint Energy's under-recovery including these revenues was $9,719,223, or approximately 2.53 percent."

1. GMG

GMG over-recovered its FYE16 total gas costs by $51,953, or approximately 1.32 percent. GMG under-recovered its current demand costs by $10,252, or approximately 1.21 percent, and over-recovered its commodity costs by $62,205, or approximately 2.02 percent.[3] According to GMG, the demand cost under-recovery was due to warmer-than-normal weather. GMG stated that "GMG's commodity recovery rate component is based on estimated purchases prior to the beginning of the month. To the extent estimated volumes and prices vary from actual purchases, a monthly over- or under-recovery will occur."[4] The Department concluded that GMG's under-recovery of demand costs and over-recovery of commodity costs appear to be reasonable.

The Department recommended that the Commission accept GMG's FYE16 true-up and allow GMG to implement its true-up as shown in DOC Attachment G5 of the Department's Review.

2. Great Plains

During the FYE16 reporting period, Great Plains had two PGA systems, the North District and the South District, which have separate true-up calculations.[5]

a. North District

Great Plains under-recovered its FYE16 total current gas costs by $85,577, or approximately 1.66 percent in its North District. Great Plains' North District under-recovered its demand costs by $189,987, or approximately 10.59 percent, and over-recovered its commodity costs (including penalty revenue of $17,271) by $104,410, or approximately 3.10 percent.[6]

[3] Department Review at pages 14-16.

[4] GMG's AAA Report, page 4.

[5] As a result of the Commission's September 6, 2016 FINDINGS OF FACT, CONCLUSIONS, AND ORDER at pages 45 and 57, Docket No. G-004/GR-15-879, Great Plains consolidated its two PGA systems beginning July 1, 2017.

[6] Department Review at pages 19-20.

Great Plains explained that pipeline demand charges were under-recovered due to the following:[7]

- Weather was 15.93 percent warmer than normal for the twelve months ending June 30, 2016; and
- Great Plains recovers demand costs on a volumetric basis, while costs are assessed on a fixed monthly basis. Generally, demand costs are under-recovered during the summer months, when firm sales volumes are low and over-recovered during the winter months when sales volumes are high.

Great Plains explained that the over-recovery of commodity costs in the North District was due to timing differences between the cost of gas recovered in rates and the actual gas costs.

The Department stated that the nearest weather station, Fargo, was 18.50 percent warmer overall and 24 percent warmer during the winter.[8] Further, with respect to commodity costs, the Department stated that "Despite the warmer-than-normal winter for Great Plains' North District PGA area (which may otherwise result in under-recovery), prices were lower than anticipated throughout the heating season."[9]

The Department concluded that Great Plains' North District under-recovery of demand costs and over-recovery of commodity costs appear reasonable.

b. South District

Great Plains under-recovered its FYE16 total current gas costs by $142,507, or approximately 2.48 percent in its South District. Great Plains' South District under-recovered demand costs by $124,190, or approximately 6.77 percent, and under-recovered its commodity costs by $18,317, or approximately 0.47 percent.

According to Great Plains, its under-recovery of demand costs for the South District was due to the following:[10]

- Weather was 18.39 percent warmer than normal for the twelve months ending June 30, 2016; and
- Great Plains recovers demand costs on a volumetric basis, while costs are assessed on a fixed monthly basis. Generally, demand costs are under-recovered during the summer months, when firm sales volumes are low and over-recovered during the winter months when sales volumes are high.

---

[7] Great Plains' AAA Report, page 4; Department Review page 19.

[8] Department Review at page 19.

[9] Id at page 20.

[10] Great Plains' AAA Report at page 5; Department Review at page 20.

The Department stated that the nearest weather station, Sioux Falls, was 17 percent warmer overall and 13.50 percent warmer during the winter.

The Department concluded that Great Plains' under-recovery of demand and commodity costs in the South District appears to be reasonable.

Great Plains requested a variance to Minnesota Rules 7825.2700, subparts 4 and 7 in its annual true-up filing, Docket No. G-004/AA-16-719. "Both subparts require that the true-up amount, and its resulting adjustment, be calculated and applied within each customer class."[11]

Great Plains seeks the variance to allow it to spread the remaining uncovered balance from June 30, 2015 for the large interruptible class over all customer classes based on the pro-rata share of current projected annual dk sales, rather than charge it to the single customer in the large interruptible class. Great Plains stated the reasons for seeking the variance and reasons why it is appropriate as follows:[12]

> While reconciling each customer class would result in just and reasonable rates in the normal course, Great Plains respectfully requests a one-time waiver or variance of this aspect of Rule based on the unique circumstances described below where applying the Rule would result in a financial burden on a single customer.
>
> Pursuant to Minn. R. 7829.3200, a waiver or variance of a Rule is appropriate where (1) enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule; (2) granting the variance would not adversely affect the public interest; and (3) granting the variance would not conflict with standards imposed by law. Each criterion is met in the present case.
>
> In particular, in the South District, two of the three total large interruptible customers left this rate class in 2015. As a result, the projected annual dk sales over which Great Plains had planned to recover the under recovered GCR balance existing at June 30, 2015 and included in the GCR filing submitted in Docket No. G004/AA-15-794 did not materialize. As a result, $158,318 of the under recovered balance remains to be recovered from the single large interruptible customer remaining in the customer class. Such a result would impose an excessive burden on this single customer within the meaning of Minn. R. 7829.3200.
>
> As it is unequitable to require the only remaining customer in the large interruptible rate class to bear the burden of the under recovery, Great Plains proposes to spread this under recovered commodity cost over all customer classes based on the pro-rata share of current projected annual dk sales. This approach allows Great Plains to recover its commodity-delivered gas cost, while not unduly

[11] Department Review at page 21.

[12] Great Plains' Annual True-up, Docket No. G004/AA-16-719, pages 1-2; Department Review pages 21-22.

> burdening the only customer left in the South District large interruptible rate class. This results in a modest increase to the firm and small interruptible classes of $.085 per dk. In this respect, due to the small increase, granting the variance would not adversely affect the public interest.
>
> Finally, granting the variance would not conflict with standards imposed by law as the Commission has the authority to vary its rules for good cause. Moreover, a variance or waiver of the Rule would ensure that rates are just and reasonable for all customers as required under Minn. Stat.§ 216B.03.

The Department stated:[13]

> The Department agrees with Great Plains that recovering approximately $158,000 from one interruptible customer would be burdensome to that customer. It appears that no one party has any fault to remedy, so Great Plains should be allowed to recover its under-recovered gas costs. Additionally, all customers could potentially be harmed should Great Plains lose the remaining large interruptible customer. The Department notes that the proposed increase to the true-up factor for Residential customers would be [sic] equal approximately $6.55 for the year, or an average of $0.55 per month.[14] Based on the information provided in its initial filing, and in its response to 16-719 DOC IR 1, the Department concludes that Great Plains' request for a variance is reasonable.

c. Great Plains Summary

The Department recommended that the Commission:

- grant Great Plains' requested one-time variance to Minnesota Rules 7825.2700, subparts 4 and 7 to allow it to spread its cumulative under-recovered commodity cost from its large interruptible customer class to all customer classes based on the pro-rata share of current projected annual dekatherm sales;
- accept Great Plains' FYE16 true-ups, Docket No. G-004/AA-16-524; and
- allow Great Plains to implement its true-ups, as shown in DOC Attachments G6a and G6b of the Department Review.

3. MERC

During the reporting period, MERC had three PGA systems: MERC-NNG, MERC-Consolidated (MERC-CON), and MERC-Albert Lea (MERC-AL).

[13] Department Review at page 22.

[14] Based on data collected from Table G4 in previous years' reports, the average use for Great Plains South Residential customers over the most recent ten years is 77 Mcf.

On September 1, 2016, MERC filed a letter requesting variances to rules associated with MERC's annual automatic adjustment (AAA) reports and annual purchased gas adjustment (PGA) true-up filing requirements for the MERC-NNG, MERC-CON, and MERC-AL PGAs. MERC requested an extension of time to file its AAA and True-up reports, stating it requires additional time for its auditor, Deloitte & Touche LLP, to complete its audit and Independent Auditors' Report for these filings. Specifically, MERC requested variances to Minn. R. 7825.2700 Purchase Gas Charges, Automatic Adjustment, 7825.2910 Filing by Gas Utilities, and 7825.2920 Annual Auditor's Report.

MERC stated that "because of the ongoing review of the AAA and True-Up filings, the annual cost adjustment ("ACA") rates in MERC's September PGA filings were changed to zero." MERC further stated, "We will maintain these factors through the month of September. Beginning October 1, 2016, MERC will adjust the ACA factors according to the 2016 AAA and True-Up calculations to recover/credit the under/over recovery over the eleven-month period from October 2016-August 2017."

MERC stated that:

> The rules for granting variances are found in Minn. R. 7829.3200, which provides that the Commission may grant a variance to its rules when it determines the following requirements are met:
>
> A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
> B. granting the variance would not adversely affect the public interest; and
> C. granting the variance would not conflict with standards imposed by law.
>
> All of the relevant standards support extending the deadline for submitting the AAA and True-Up filings.
>
> First, MERC believes that the requirement to submit the AAA and True-Up filings by the September 1 deadline would impose an excessive burden on the Company because the auditor review is ongoing and the final schedules and annual auditors' report will not be completed in time for a September 1 filing.
>
> Second, the public interest would not be adversely affected by granting the requested variance. To the contrary, allowing an additional time will support the public interest. MERC's AAA and True-Up filings are only beneficial if the information contained therein is accurate. Allowing the Company additional time to allow the independent auditor to finalize its review will ensure that review is robust and that MERC's filings are complete and accurate.
>
> Third, the Company is unaware of any conflict with any standards imposed by law. Rather, the Commission's rules permitting variances contemplate variances under circumstances such as those presented here.

> For the reasons stated herein, MERC respectfully requests that the Commission vary Minn. R. 7825.2700, 7825.2910, and 7825.2820, and any other rules the Commission deems necessary and appropriate to allow the auditor to complete its review so that MERC may submit complete and accurate AAA and True-Up filings. The Company believes the criteria for variance established under Minn. R. 7829.3200 are met under the current circumstances.

The Department stated that MERC's proposal to calculate its true-up factors by recovering/returning the entire previous year's cumulative under-/over-recovery balances over eleven months, rather than twelve months, "would ultimately surcharge or refund the same total amount of true-up gas costs to ratepayers over the course of the gas year as would be surcharged or refunded under the normal 12-month time period method. However, recovering the true-up over 11 months would create higher monthly true-up rates for five of the seven customer classes across the three PGA systems for October 2016 through June 2017."

The Department further stated:

> Typically in this type of situation, the Department would recommend that the Commission deny the variance requests and deny true-up cost recovery for September 2016 to avoid higher monthly rates than otherwise should have been charged. A rough estimate on potential true-up recovery for the month of September 2016 across all three PGA systems is approximately $30,000. [Footnote omitted.]
>
> That said, $30,000 is immaterial in the context of the approximately $94,000,000 of gas costs incurred by MERC in 2015-2016 across all PGA systems. Additionally, the delay of MERC's filings did not disrupt the Department's ability to perform its analysis. The Department believes that, going forward, MERC does not have incentive to delay filing its AAA reports and implement its true-up factors in October, rather than September, as occurred in this instance. If MERC continues to have difficulty filing its annual reports on time in the future, the Department will conduct a deeper review and provide recommendations to the Commission as appropriate.
>
> Therefore, the Department concludes that MERC has met the criteria under Minn. R. 7829.3200 and recommends that the Commission grant MERC's requested variances. In the interest of completeness, the Commission may want to consider granting one-time variances to Minn. R. 7825.2800, 7825.2810, 7825.2830, and 7825.2840 (requiring annual reports to be filed each September 1) in addition to the rules requested by MERC (Minn. R. 7825.2700, 7825.2910, and 7825.2820).
>
> The Department appreciates MERC's efforts to file as quickly as possible by submitting its reports on September 2 (pertaining to MERC-NNG and MERC-AL) and September 26 (pertaining to MERC-Consolidated), 2016.

The Department recommended that the Commission find that MERC has met the criteria under Minn. R. 7829.3200 and grant MERC's requested variances to Minn. R. 7825.2700, 7825.2910, and 7825.2820. The Department also recommended that "In the interest of completeness, the Commission may want to consider varying Minn. R. 7825.2800, 7825.2810, 7825.2830, and 7825.2840 in addition to the rules requested by MERC[.]"

a. MERC-NNG

MERC under-recovered its FYE16 total current gas costs by $2,462,328, or approximately 2.60 percent, on its NNG system. For the NNG system, MERC under-recovered its demand costs by $2,472,528, or approximately 12.17 percent, and over-recovered commodity costs by $10,201, or approximately 0.01 percent.[15] According to MERC, the under-recovery of demand costs on the MERC-NNG system "was predominantly caused by actual sales being less than projected sales."[16] The over-collection of commodity costs "was predominantly caused by the difference in projected monthly gas costs compared to actual gas costs."[17]

The Department concluded that MERC-NNG's under-recovery of demand costs and over-recovery of commodity costs appear to be reasonable.

The Department recommended that the Commission accept MERC-NNG's true-up filing in Docket No. G-011/AA-16-732 and allow MERC-NNG to implement its true-up as shown in Department Attachment G8 of the Department's Review.[18]

b. MERC-Consolidated

MERC over-recovered its FYE16 total current gas costs by $136,238, or approximately 0.72 percent on its Consolidated system. MERC-Consolidated over-recovered its demand costs by $65,314, or approximately 1.98 percent, and over-recovered commodity costs by $70,924, or approximately 0.45 percent.[19] According to the Department, the demand-cost over-recovery includes capacity-release revenue of $68,811. "Without these revenues, there was an under-recovery of demand costs of … approximately 0.11 percent."[20] According to MERC:[21]

> The over collection of demand costs was caused by the difference in projected monthly demand costs compared to actual costs. A portion of the over collection was offset by actual sales being lower than projected sales. Purchase costs include capacity release and curtailment penalty revenues.

---

[15] Department Review at pages 28-29.

[16] MERC-NNG September 2, 2016 AAA Report at pages 2-3.

[17] Id at page 3.

[18] Department Review at page 33.

[19] Id at 30.

[20] Department Review at page 30.

[21] MERC-Consolidated September 26, 2016 AAA Report at page 3.

MERC stated that MERC-Consolidated's over-recovery of commodity costs "was predominantly caused by the difference in projected monthly gas costs compared to actual gas costs."[22]

The Department concluded that MERC-Consolidated's over-recovery of demand and commodity costs appears to be reasonable.

The Department recommended that the Commission accept MERC-Consolidated's true-up filing in Docket No. G-011/AA-16-734 and allow MERC-Consolidated to implement its true-up, as shown in Department Attachment G9 of the Department's Review.

c. MERC-Albert Lea

MERC under-recovered its FYE16 total current gas costs by $189,385, or approximately 3.47 percent on its Albert Lea system. MERC-Albert Lea under-recovered its demand costs by $110,132, or approximately 8.30 percent, and under-recovered commodity costs by $79,253, or approximately 1.29 percent.[23] According to MERC, the "under collection of demand costs was predominantly caused by the actual sales being less than projected sales[,]" and the under-collection of commodity costs "was predominantly caused by the difference in projected monthly gas costs compared to actual gas costs." [24]

The Department concluded that MERC-Albert Lea's under-recovery of demand and commodity costs appears to be reasonable.

The Department recommended that the Commission accept MERC-Albert Lea's true-up filing in Docket No. G-011/AA-16-733 and allow MERC-Albert Lea to implement its true-up as shown in Department Attachment G8a of the Department's Review.[25]

4. CenterPoint Energy

CenterPoint Energy under-recovered its FYE16 current total gas costs by $9,719,223, or approximately 2.53 percent. CenterPoint Energy under-recovered its demand costs including propane costs by $2,474,722, or approximately 3.11 percent, and under-recovered commodity costs by $7,244,501, or approximately 2.38 percent.[26] According to CenterPoint Energy, the demand-cost under-recovery resulted from weather that was approximately 15 percent warmer than normal, and firm sales were about 3.3 million DT less than the weather-normalized sales used to calculate the demand recovery factor.[27] CenterPoint further stated

[22] Ibid.

[23] Department Review at page 31.

[24] MERC-Albert Lea September 2, 2016 AAA Report at pages 2-3.

[25] Department Review at pages 33-34.

[26] Department Review at page 35.

[27] CenterPoint Energy's September 1, 2016 AAA Report at page 19; Department Review at page 35.

that "This year, adjustments to demand from the 'demand smoothing" factor[[28]] brought the demand cost recovery much closer to the demand costs incurred."[29] With regard to the commodity cost under-recovery, CenterPoint Energy stated that "Commodity-cost recovery rates are based on estimated monthly purchases prior to the start of the month, based on the assumption of "normal" weather. To the extent estimated purchases vary from actual purchases, an over or under recovery will occur."[30]

In its compliance reporting in its AAA Report, CenterPoint Energy stated:[31]

> **6.2. Financial Call Options**
>
> In Docket No. G-008/M-01-540, the Commission approved a variance to PGA rules, which allowed the Company to recover the costs associated with financial call options (limited to call options related to swing gas) through the PGA. Exhibits 6A and 6B provides the information required by the order in this filing. During winter 2015-2016, when gas flows, CenterPoint Energy pays the daily index (Gas Daily) with no commodity premium for swing gas; therefore, all CenterPoint Energy swing gas is valued at the "spot market" price. The cost comparison between CenterPoint Energy's swing gas and "spot market" is zero. Given that it is zero and has been zero for multiple years now, the Company believes that Exhibit 6B is no longer necessary. Should the Company change its business practices where the difference is not zero, the Company will provide this schedule.

The Department agreed with CenterPoint Energy that Exhibit 6B is not necessary as long as its swing gas is valued at the spot market price. The Department recommended "that the Commission allow CenterPoint to discontinue this portion of the financial call options compliance until such time that it is relevant again."

The Department recommended that the Commission accept CenterPoint Energy's FYE16 true-up, Docket No. G-008/AA-16-730 and allow CenterPoint Energy to implement its true-up as shown in Department Attachment G10 of the Department's Review.

Additionally, the Department recommended that the Commission "allow CenterPoint to discontinue providing the compliance information regarding the comparison of the cost of swing gas versus spot market gas, currently provided in CenterPoint's Exhibit 6 – Part B."

---

[28] CenterPoint Energy has a Demand Adjustment Program, first approved as a pilot program in Docket No. G-008/M-00-980, whereby it adds a monthly demand adjustment to its demand cost recovery rate charged to customers in order to provide a better matching of costs and recoveries within the true-up year. Staff notes that Table G12 on page 37 of the Department's Review shows that in FYE16 the demand smoothing program did not provide a better match of costs and recoveries within the true-up year than would have been the case without this program.

[29] CenterPoint Energy's September 1, 2016 AAA Report at page 19; Department Review at page 35.

[30] Ibid; Department Review at pages 35-36.

[31] CenterPoint Energy's September 1, 2016 AAA Report at page 20.

5. Xcel Gas

Xcel Gas under-recovered FYE16 total current gas costs by $4,990,733, or approximately 2.34 percent.[32] Xcel Gas under-recovered demand costs by $2,604,974, or approximately 5.43 percent, and under-recovered commodity costs by $2,385,760, or about 1.44 percent.[33]

According to Xcel Gas, demand costs were under-recovered for the period due to actual sales being approximately 12.19 percent lower than the forecasted sales used in the monthly PGA calculation.[34] Xcel Gas stated that the under-recovery of commodity costs during the period "is due to deviations between monthly forecasted price and actual wholesale commodity gas prices. The price deviations between monthly price estimates and actual unit cost were the result of price volatility in the wholesale natural gas commodity market."

Xcel Gas has a monthly demand cost true-up mechanism. "This mechanism is designed to offset swings in revenue collection caused by deviations from the forecasted normal weather."[35] According to Xcel Gas, this mechanism helped minimize the demand cost under-recovery by collecting an additional $2,891,981 of demand costs from customers during the 2015-2016 heating season. Xcel Gas stated that without this mechanism, "the demand cost under-recovery would have been approximately 11.47 percent."[36]

The Department concluded Xcel Gas' under-recovery of demand costs and commodity costs appears to be reasonable.

The Department recommended that the Commission accept Xcel Gas' FYE16 true-up, Docket No. G-002/AA-16-725 and allow Xcel Gas to implement its true-up as shown in Department Attachment G11 of the Department's Review.

B. Comparison between Minnesota Local Distribution Companies (LDCs)

The Department's Review provides cost and operating data for all of the rate regulated natural gas local distribution companies. (Please see pages 48 through 82 of the Department's Review.)

One comparison ranks the companies according to the annual usage of an average residential customer and the size of the annual bill for an average residential customer.

The following table (Table G15) was copied from page 50 of the Department's Review.

---

[32] Department Review at page 42.

[33] Id at pages 43-44.

[34] Xcel Gas' September 1, 2016 AAA Report at Attachment B, Schedule 3, page 3.

[35] Department Review at page 43.

[36] Xcel Gas' September 1, 2016 AAA Report at Attachment B, Schedule 3, page 3.

Table G15: Average Annual Residential Bill and Average Use per Utility for the FYE16 Reporting Period

Utility	System	Average Usage Rankings[102]	Average Use[103] (Mcf)	Annual Bill Rankings	Total Annual Bill ($)	Average Cost per Mcf[104] ($)	Annual Customer Charges ($)
Greater Minnesota		3	72.5	8	$707.43	$9.76	$102.00
Great Plains	North	2	68.9	2	$474.68	$6.89	$78.00
	South	1	63.2	1	$418.59	$6.62	$78.00
MERC	CON	4	74.5	5	$580.84	$7.80	$119.70
	NNG	5	76.1	7	$645.33	$8.48	$119.70
	AL	7	76.4	3	$548.54	$7.18	$63.00
CenterPoint Energy		8	78.9	6	$583.73	$7.40	$118.86
Xcel Gas		6	76.2	4	$572.99	$7.52	$108.00

[Footnotes omitted.]

Similar to the last three years, residential customers of GMG had the highest average annual bill and customers of Great Plains' South District had the lowest. MERC NNG customers received the second highest average annual bills and Great Plains North district customers had the second lowest average annual bills. Many factors contributed to the size of these average annual residential bills. The amount of gas used by an average residential customer is one factor. A second factor would be the company's cost of gas, and a third would be the non-gas rates the company is allowed to charge. There are a number of other contributing factors such as load factor, mix of firm and interruptible customers, number of available pipeline systems, weather, access to storage, and provisions of pipeline service as approved by the FERC. See page 51 of the Department's Review.

As can be seen in the following table, MERC's NNG system had the highest average purchased gas cost and Xcel Gas' system had the lowest average purchased gas cost.

The following table (Table G17) was copied from page 54 of the Department's Review.

Table G17: FYE16
Total System Gas Costs (Demand and Commodity)[108]

Utility	PGA Recovered ($/Dth)	Rank	Current-Period Actual incurred Gas Cost ($/Dth)	Rank	Actual Over/(Under) ($/Dth)	Percentage Over/(Under) Recovery
Greater Minnesota	$ 3.8015	7	$ 3.7518	6	$ 0.0497	1.32%
Great Plains						
North	$ 3.4523	2	$ 3.5104	2	$ (0.0582)	(1.66%)
South	$ 3.5491	3	$ 3.6392	4	$ (0.0902)	(2.48%)
MERC						
CON	$ 3.6537	6	$ 3.6277	3	$ 0.0260	0.72%
NNG	$ 4.1806	8	$ 4.2923	8	$ (0.1117)	(2.60%)
AL	$ 3.6310	5	$ 3.7614	7	$ (0.1303)	(3.47%)
CenterPoint Energy	$ 3.5609	4	$ 3.6637	5	$ (0.1028)	(2.81%)
Xcel Gas	$ 3.3316	1	$ 3.4114	1	$ (0.0797)	(2.34%)
MN Weighted Avg.	$ 3.5608		$ 3.6530		$(0.0922)	(2.52%)
MN Non-Weighted Avg.	$ 3.6451		$ 3.7072		$(0.0622)	(1.68%)

[Footnote omitted.]

C. Department Review of LDC Gas Purchasing Practices

In its August 11, 2014 Order, Docket No. G-999/AA-13-600, et al, the Commission requested that the Department include a review of gas purchasing practices in its review of future annual automatic adjustment reports.[37] The Department provided its analysis at pages 73 through 78 of its Review.

The Department explained that it analyzes gas procurement in various ways throughout the year, for example:

- review of the utilities' PGAs and filing of subsequent reports;
- individual meetings with utilities regarding their respective procurement plans for the upcoming year; and
- annual winter pricing recap presentations by the utilities for the Commission.

[37] August 11, 2014 ORDER ACCEPTING GAS UTILITIES' ANNUAL REPORTS AND 2012-2013 TRUE-UP PROPOSALS AND SETTING FURTHER REQUIREMENTS, Docket No. G-999/AA-13-600 et al, at Order Point 3.

The Review included a list of the annual non-weighted average prices of the various types of gas purchases as follows:[38]

1) Daily spot-priced gas at $2.3236 per Mcf;
2) Daily index-priced gas at $2.4000 per Mcf;
3) Monthly index-priced gas at $2.5071 per Mcf; and
4) Fixed Price Gas at $2.6503 per Mcf.

The Department looked at how much of each LDCs' gas purchases during the heating season consisted of each of these types of gas supply and provided the following table copied from page 75 of the Department's Review [Footnote omitted]:

Table G30[166]: FYE16
Portfolio Composition for the Heating Season
(Components as a Percent of Actual Purchases)

Utility/System	All Gas Purchases	Index Gas (Monthly)	Index Gas (Daily)	Spot Gas (Monthly)	Spot Gas (Daily)	Fixed Gas
Greater Minnesota	100.00%	67.03%	32.97%	0.00%	0.00%	0.00%
Great Plains						
North	100.00%	86.16%	0.00%	0.00%	13.84%	0.00%
South	100.00%	78.79%	0.00%	0.00%	21.21%	0.00%
MERC						
Consolidated	100.00%	94.48%	5.13%	0.00%	0.39%	0.00%
NNG	100.00%	96.79%	2.98%	0.00%	0.23%	0.00%
Albert Lea	100.00%	96.74%	3.02%	0.00%	0.24%	0.00%
CenterPoint Energy	100.00%	82.22%	2.85%	0.00%	0.07%	14.86%
Xcel Gas	100.00%	60.29%	34.44%	0.00%	5.27%	0.00%

As noted by the Department, when comparing this chart with the weighted average annual cost of commodity shown in Table G16 on page 52 of the Department's Review, Great Plains purchased the highest percentage of daily spot gas and had the lowest annual average commodity costs at $2.2913 and $2.4517 for the North and South Districts, respectively.

The Department also looked at the non-weighted average FYE16 per-unit storage cost of gas for the individual utilities and the percentage of storage used, or withdrawn, during FYE16 compared to the utility's total winter gas portfolio. The results are shown below in Table G31, copied from page 77 of the Department's Review.

[38] Department Review at page 70.

Table G31[169]: FYE16
Actual Per Unit Storage Cost and Percentage of Storage

Utility/System	Storage Costs ($/Mcf)	Percent of Winter Portfolio Comprised of Storage (%)
Greater Minnesota	$2.99	18.03%
Great Plains		
North[170]	$0.00	0.00%
South	$2.72	27.10%
MERC		
Consolidated	$2.21	22.50%
NNG	$2.78	28.52%
AL	$2.69	30.51%
CenterPoint Energy	$2.95	31.03%
Xcel Gas	$2.77	35.51%
MN Weighted Avg.	**$2.85**	
MN Non-Weighted Avg.	**$2.73**	

(169 The storage costs listed in this table relate to total storage costs for the entire reporting period, while the portfolio percentages relate solely to those used during the five-month heating season.)

The Department did not challenge the prudence of any of the natural gas utilities' purchasing practices.

D. Minnesota Gas Utilities' Hedging Practices

Three Minnesota LDCs have received Commission approval to recover the costs of financial hedging through the purchased gas adjustment, CenterPoint Energy, MERC and Xcel Gas. In Docket No. G-999/AA-10-885, the Commission's April 3, 2012 Order required that in future initial Annual Automatic Adjustment reports, all regulated gas utilities must provide additional information on the embedded cost/benefit associated with physical hedges (non-storage price protections) used in the procurement of gas supplies.

In its August 11, 2014 Order, Docket No. G-999/AA-13-600 et al, the Commission requested the Department to include a review of gas cost hedging practices in its review of future annual automatic adjustment reports.[39] At pages 78 through 82 of its Review, the Department provided its review of Minnesota gas utilities' hedging practices and evaluated expectations against actual performance.

> Additionally, at its February 4, 2016 Commission Agenda meeting regarding CenterPoint Energy's hedging variance filing in Docket No. G-008/M-15-912, the

[39] August 11, 2014 ORDER ACCEPTING GAS UTILITIES' ANNUAL REPORTS AND 2012-2013 TRUE-UP PROPOSALS AND SETTING FURTHER REQUIREMENTS, Docket No. G-999/AA-13-600 et al, at Order Point 3.

> Commission expressed interest in taking a closer look at utility hedging practices given the current state of the natural gas market. On June 28, 2016, the Commission held a Planning Meeting to discuss hedging. A presentation was provided by the utilities that participate in hedging (CenterPoint, MERC, and Xcel).[40]

The Department stated:[41]

> Weather and various supply issues play a significant role in the commodity price of natural gas, especially during the heating season of November through March. As previously discussed in Section 1.C. *Natural Gas Prices and Weather*, the 2015-2016 heating season was warmer than normal. Further, the natural gas prices decreased during the reporting period. In FYE16, the gas storage inventory level that was at or above the five-year *average* from July until November 2015, when the storage level remained at or above the five-year *high* through June 2016.
>
> Based on the 2015-2016 heating season, the Department expected that CPE, MERC, and Xcel Gas would experience losses on the hedge portion of their purchase portfolios.

The Department reviewed the performance of MERC's, CenterPoint Energy's and Xcel Gas's hedging programs against the expectation that they would experience losses on the hedge portion of their purchase portfolios.

According to the Department's Review, each of the three utilities experienced losses due to hedging during FYE16. The Department concluded that the utilities' hedging programs performed as expected. Specifically:

- MERC's hedges provided a financial loss in FYE16 mainly due to the lower prices experienced in the winter months than in the preceding injection season. Since there were no external factors that caused a price spike, this outcome is to be expected. The Department concluded that MERC accomplished its intended purpose of providing reasonable price protection on a portion of its winter gas supplies, based on the information the company had at the time it executed its hedges.

- CenterPoint Energy's hedges provided a financial loss in FYE16 due to the lower prices experienced in the winter months; again, since there was no external factor causing prices to spike, this outcome is to be expected. The Department concluded that CenterPoint Energy accomplished its intended purpose of providing reasonable price

[40] Department Review at page 78.

[41] Id at page 79.

protection on a portion of its winter gas supplies, based on the information the company had at the time it executed its hedges.

- Xcel Gas' hedges provided a financial loss of approximately $5.38 million in FYE16 due to the lower prices experienced in the winter months, which is to be expected as noted above. The Department concluded that Xcel Gas accomplished its intended purpose of providing reasonable price protection on a portion of its winter gas supplies, based on the information the company had at the time it executed its hedges.

With respect to each of the three utilities experiencing losses due to hedging, the Department stated:

> While this is a loss to ratepayers given the lack of an adverse event during this time period, ratepayers had protection in place in case such an event occurred. Moreover, the Department observes that the natural gas purchases covered by hedges were only a portion of the total winter requirements purchased. The ultimate goal of hedging is to reduce price volatility on a percentage of the utilities' purchase portfolios, not to speculate or make money on commodity prices.

The Department recommended that each utility that hedges (including physical and financial) continue to provide a post-mortem analysis, in a format similar to what was provided in this docket, in subsequent AAA filings.

E. Lost-and-Unaccounted For Gas (LUF)

The Department developed a comparison of LUF gas by utility using the formula[42] from the U. S. Department of Transportation, Pipeline and Hazardous Material Safety Administration's Form 7100.1-1 to calculate the LUF percentages.

The following table (Table G29) presents the Department's summary of LUF gas percentages for the period July 1, 2015 to June 30, 2016 for Minnesota jurisdictional volumes and is copied from page 71 of the Department's Review.

[42] The formula is as follows: [(purchased gas + produced gas) minus (customer use + utility use + appropriate adjustments)] divided by (purchased gas + produced gas) equals percent unaccounted.

Table G29[155]: FYE16
Lost-and-Unaccounted-For Gas

Utility/System	Revenue as a Percent of Total Gas Costs (%)
Greater Minnesota	(1.31)%
Great Plains	
North	1.44%
South	0.53%
MERC	
Consolidated	0.25%
NNG	(1.46)%
Albert Lea	1.78%
CenterPoint Energy	1.89%
Xcel Gas	2.72%
MN Weighted Avg.	1.77%

[See the Department's Review at DOC Attachment G19 for detailed calculations.]

As shown in the table above, the LUF gas ranged from a negative 1.46 percent for MERC-NNG to a positive 2.72 percent for Xcel gas.

1. MERC

A negative LUF number means that a utility, in effect, found gas. The MERC-NNG system reported negative lost gas during the reporting period, as it did during the prior reporting period and as the former MERC-PNG and MERC-NMU did during reporting periods prior to that.

As stated by the Department, MERC has had a long, and well-documented, history of negative LUF. While it may not be highly unusual for a utility to occasionally report negative LUF, it is unusual for a utility to consistently and continuously report negative LUF.

In the FYE09 AAA Report, MERC investigated its negative LUF situation that occurred during the 2008-2009 true-up period. The Commission, in its November 14, 2013 Order in Docket No. G-999/AA-12-756 (12-756 Order), found that MERC's persistent report of negative lost and unaccounted for gas may warrant further investigation. Further, the 12-756 Order[43] stated:

[43] See page 11, ordering paragraphs 15 and 18 of the Commission's November 14, 2013 *ORDER ACCEPTING GAS UTILITIES' AUTOMATIC ADJUSTMENT REPORTS AND TRUE-UP PROPOSALS, AND SETTING FURTHER REQUIREMENTS*, Docket No. G999/AA-12-756.

> In its 2013 annual automatic adjustment filing, if MERC again demonstrates a negative amount of lost and unaccounted for gas, the utility shall provide a detailed description and calculations explaining this phenomenon and showing the role of transportation customers and sales.

MERC did again demonstrate a negative amount of LUF gas in its 2013 annual automatic adjustment filing. In November of 2014, during the review of the FYE14 AAA reports, MERC informed the Department that it was continuing to investigate LUF. MERC found some errors and revised its calculation of LUF gas for the FYE14. This was discussed in the briefing papers for Docket No. G-999/AA-14-580.

Because MERC-NNG continues to report negative LUF, the Commission may want to consider requesting the Department to investigate this.

2. GMG

The Department requested that GMG provide a discussion in its Reply Comments explaining how GMG came to have "found" gas on its system during FYE16.

In its Reply Comments, GMG stated that the negative LUF was attributable to two main circumstances:

- An increase in estimated meter reads at the Company's many poultry farm customers at the height of the avian flu quarantine procedures during 2015 (GMG stated that it has since converted the poultry operation meters to automatically read meters); and

- Incorrect interstate pipeline metering in GMG's new St. Clair service area.

The Department concluded that the FYE16 LUF percentages are reasonable.

F. Reporting of Contractor Main Strikes and Meter Testing

In its October 11, 2012, Order Accepting Progress Reports and Meter Testing Plans in Docket No. G-999/AA-10-885, the Commission required all gas utility companies to file, as part of their annual AAA reports, a schedule reflecting the contractor main strikes during the corresponding annual period billings to at-fault contractors. The Commission required that the schedules reflect the date, party involved, repair cost amount, and gas lost amount for each incident. The Commission also required the utilities to file any updates regarding meter testing within an annual period in their AAA reports starting in 2012.

The Department reviewed the AAA reports and determined that all gas utilities filed the required information as it related to contractor main strikes.[44] The Department stated:[45]

> In its FYE14 AAA Report, the Department stated that the reports would be more meaningful if the total gas cost charged for main strikes during the period reconciled to the amount in the true up and also if the reports provide the allocation of the gas costs credited to each class in its true up. All of the utilities totaled the gas cost charged for main strikes and indicated how the contractor main strike revenue was treated in the FYE16 true up, therefore complying with the requirement.

The Department also reviewed the AAA reports and determined that all of the gas utilities filed the required information as it relates to meter testing updates. The Department provides a short summary at pages 72-73 of its filing.

G. Curtailment Non-Compliance

During the review of the 2013-2014 AAA Reports, "the Department raised certain questions regarding the effectiveness of imposing curtailment penalties to curb the unauthorized consumption of gas by interruptible customers after a utility has alerted them to a gas curtailment period."[46]

In its August 24, 2015 ORDER ACCEPTING GAS UTILITIES' ANNUAL AUTOMATIC ADJUSTMENT REPORTS AND 2013-2014 TRUE-UP PROPOSALS AND SETTING FURTHER REQUIREMENTS, Docket No. G-999/AA-14-580, the Commission required all Minnesota regulated natural gas utilities to provide, for the next three AAA reports (2014-2015, 2015-2016, and 2016-2017), the following information on unauthorized gas use for each customer that did not comply with a called interruption during the heating season:

A. The volume of gas consumed by the non-compliant customer during the curtailment period.

B. The specific commodity rate charged for the unauthorized gas used and how that rate is determined.

C. The financial penalty, if any, assessed by the company to the customer, including calculations in determining the penalty or penalties.

---

[44] See GMG's AAA Report, page 5, Great Plains' AAA Report, Exhibit D, MERC's AAA Reports, Schedule Q, CenterPoint Energy's AAA Report, Exhibit 9 and Xcel Gas' AAA Report, Attachment G, Schedule 7.
[45] Department Review at page 72.

[46] August 24, 2015 ORDER ACCEPTING GAS UTILITIES' ANNUAL AUTOMATIC ADJUSTMENT REPORTS AND 2013-2014 TRUE-UP PROPOSALS AND SETTING FURTHER REQUIREMENTS, Docket No. G999/AA-14-580, at page 7.

D. A discussion about utility communication with each customer regarding non-compliance with interruptions (excluding invoices).

According to the Department's Review, all of the utilities complied with the reporting requirements. Only one utility, MERC on its NNG system, had unauthorized gas use during the 2015-2016 reporting period.

The Department stated:[47]

> On pages 9-10 of MERC-NNG's AAA Report, MERC stated that there were four occurrences of unauthorized gas use by MERC-NNG customers during the time period. MERC reported the required information for that customer and stated that MERC had a discussion with the customer once curtailment penalties were assessed.

MERC reported $2,811 in curtailment penalty revenue during FYE16.[48]

H. Distribution Planning

The Department indicated that the Commission had requested that the Department address distribution planning in the next AAA report. The Department issued an information request in this docket to collect relevant data, the details of which are listed on pages 82-83 of the Department's Review. According to the Department, all of the utilities responded, however, due to staffing and workload constraints, the Department had not yet analyzed this data as of the date it filed its Review. The Department stated that its goal is to provide its analysis in a future round of response comments.[49]

---

[47] Department Review at page 33.

[48] Id at Table G24, page 64.

[49] Department Review at page 82.

V. Decision Options

All Commission Regulated Natural Gas Utilities

1. Accept the FYE16 annual reports as filed by the gas utilities as being complete as to Minnesota Rules 7825.2390 through 7825.2920. (See staff briefing papers, pp. 1-2.)

2. Require each utility that hedges (including physical and financial) to continue to provide a post-mortem analysis, in a format similar to what was provided in this docket, in subsequent AAA filings. (See staff briefing papers, p. 19.)

Greater Minnesota Gas (GMG)
(See staff briefing papers, p. 4.)

3. accept GMG's FYE16 true-up as filed in Docket No. G-022/AA-16-715; and

4. allow GMG to implement its true-ups, as shown in Department Attachment G5 of the Department's August 11, 2017, *Review of the 2015-2016 Annual Automatic Adjustment Reports* (Department's Review).

Great Plains
(See staff briefing papers, pp. 4-7)

5. grant Great Plains' requested one-time variance to Minnesota Rules 7825.2700, subparts 4 and 7 to allow it to spread its cumulative under-recovered commodity cost from its large interruptible customer class to all customer classes based on the pro-rata share of current projected annual dekatherm sales;

6. accept Great Plains' FYE16 true-ups, Docket No. G-004/AA-16-719; and

7. allow Great Plains to implement its true-ups, as shown in Department Attachments G6a and G6b of the Department's Review.

MERC

8. find that MERC has met the criteria under Minn. R. 7829.3200 and grant MERC's requested variances to Minn. R. 7825.2700, 7825.2910, and 7825.2820. (See staff briefing papers, pp. 8-10.)

9. Also grant MERC variances to Minn. R. 7825.2800, 7825.2810, 7825.2830, and 7825.2840. (See staff briefing papers, pp. 9-10)

10. accept MERC-NNG's FYE16 true-up filing in Docket No. G-011/AA-16-732; (See staff briefing papers, p. 10.)

11. allow MERC-NNG to implement its true-up, as shown in Department Attachment G8 of the Department's Review;

12. accept MERC-CON's FYE16 true-up filing in Docket No. G-011/AA-16-734; (See staff briefing papers, p. 11)

13. allow MERC-Consolidated to implement its true-up, as shown in Department Attachment G9 of the Department's Review;

14. accept MERC-AL's FYE16 true-up filing in Docket No. G-011/AA-16-733; (See staff briefing papers, p. 11) and

15. allow MERC-AL to implement its true-up, as shown in Department Attachment G8a of the Department's Review.

16. Ask the Department to investigate MERC-NNG's continued reporting of negative LUF (See staff briefing papers, pp. 20-21) .

CenterPoint Energy

17. accept CenterPoint Energy's FYE16 true up, Docket No. G008/AA-16-730; (See staff briefing papers, pp. 11-12) and

18. allow CenterPoint Energy to implement its true up, as shown in Department Attachment G10 of the Department's Review.

19. allow CenterPoint Energy to discontinue providing the compliance information regarding the comparison of the cost of swing gas versus spot market gas, currently provided in CenterPoint Energy's Exhibit 6B, until such time that it is relevant again.

Xcel Gas

20. accept Xcel Gas' FYE16 true-up, Docket No. G-002/AA-16-725; (See staff briefing papers, p. 13) and

21. allow Xcel Gas to implement its true-up, as shown in Department Attachment G11 of the Department's Review.

2015-16 Annual Automatic Adjustment Reports—Docket No. G-999/AA-16-524
Docket Numbers for the Gas Utilities' 2015-2016 True-Up Filings:

Docket No. G-004/AA-16-719 – Great Plains Natural Gas Company

Docket No. G-022/AA-16-715 – Greater Minnesota Gas, Inc.

Docket No. G-008/AA-16-730 – CenterPoint Energy

Docket No. G-011/AA-16-733 – Minnesota Energy Resources Corporation (MERC) – Albert Lea PGA system

Docket No. G-011/AA-16-734 – Minnesota Energy Resources Corporation (MERC) – Consolidated PGA system

Docket No. G-011/AA-16-732 – Minnesota Energy Resources Corporation (MERC) – Northern Natural Gas PGA system

Docket No. G-002/AA-16-725 –Northern States Power d/b/a Xcel Energy – Gas Utility