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September 23, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

**RE: Reply Comments to the Comments of Minnesota Department of Commerce,
Division of Energy Resources, Docket No. G004/M-19-273**

Dear Mr. Wolf:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically submits its Reply Comments in response to the Comments of the Department of Commerce, Division of Energy Resources (Department) submitted on September 13, 2019 in the above referenced docket related to Great Plains' Petition for Approval of Recovery of Updated Gas Utility Infrastructure Cost (GUIC) Adjustment.

Great Plains appreciates the Department's review and agrees with its recommendation that the Company's proposals are consistent with the applicable Minnesota statutes, past Commission Orders, and Great Plains' tariff. The Department has recommended approval of Great Plains' proposal to suspend the GUIC rate effective January 1, 2020 in order to move GUIC costs, undepreciated rate base and O&M expenses, into interim rates as requested by Great Plains in its Request to Modify the implementation of its submitted GUIC on September 6, 2019 in light of its upcoming general rate case. The Department also recommended that the true up filing in the Spring of 2020 focus on any over- or under-recovery in the rider's tracker balance as of December 31, 2019.

In its Comments, the Department has requested that Great Plains recalculate the effects of the prorated Accumulated Deferred Income Tax (ADIT) balances for the period from October 1, 2019 to December 31, 2019 to use non-prorated beginning monthly balances in the calculation, and provide the resulting annual revenue

requirement. The Department also recommended that Great Plains provide the excess ADIT balance related to the GUIC assets in its reply comments. Great Plains has addressed each below.

ADIT Proration Method

As noted in the response to information request number 4, provided on July 30, 2019, the ADIT balances were accepted as filed in the Commission's Order in Docket No. G004/M-18-282, dated February 12, 2019, which measured the ADIT balances based on the annual proration method. In response to this information request, the Deloitte method was calculated for informational purposes only. The detail of these calculations was provided, and the Department commented that Great Plains did not re-set the beginning monthly ADIT balance on a non-prorated basis.

Great Plains disagrees and provides Attachment A pages 2-9 which outlines the ADIT balance calculation using the Deloitte method with a modified presentation that clarifies the balances in Response No. 4 were calculated consistently with those presented in Xcel's May 25, 2018 Supplemental Reply Comments. The attached calculations show the month end ADIT balance with the Deloitte method proration, and with no proration. The monthly beginning balances are reset as if no proration was used, and the "Month End Bal. – with proration:" balance reconciles to the information in the Excel file provided in Response No. 4. Based on this, Great Plains believes its calculation of the Deloitte Method provided on July 30, 2019 is consistent with the calculations used by Xcel and that the difference in the 2019 revenue requirement is (\$2,212) and (\$950) for the 2018 true-up as shown on Attachment A, page 1 and initially provided in Response No. 4.

Excess ADIT

Great Plains indicated that the ADIT balances would be amortized and refunded on an ARAM basis to customers in future periods, to which the Department agrees. However, Great Plains did not provide the balance of the excess ADIT balance in its filing. The Department recommended that Great Plains provide the excess ADIT balance for its GUIC Rider in its reply comments.

Great Plains' excess ADIT balance for assets included in the GUIC Rider at December 31, 2018 totals (\$28,985). Certain assets included in the GUIC Rider have an in-service date of 2016 and 2017 and it is those assets that the excess ADIT is associated.

In summary, Great Plains respectfully requests that the Commission consider the Reply Comments expressed above and approve the Company's GUIC petition as modified on September 6, 2019.

If you have any questions regarding this filing, please contact Tamie A. Aberle at (701) 222-7856, or Brian Meloy, at (612) 335-1451.

Sincerely,

/s/ Tamie A. Aberle

Tamie A. Aberle
Director of Regulatory Affairs

cc: Brian Meloy
Service List

**GREAT PLAINS NATURAL GAS CO.
 GUIC REVENUE REQUIREMENT**

ACTUAL 2018 TRUE UP 1/			
	Alternative		
	Monthly	As Filed	Variance
Depreciation Expense	\$185,605	\$185,605	\$0
Ad Valorem Taxes	121,114	121,114	-
Return	373,525	374,273	(748)
Income Taxes	(124,754)	(124,826)	72
Gross up for Taxes	224,056	224,330	(274)
Total	\$779,546	\$780,496	(\$950)

PROJECTED 2019 1/			
	Alternative		
	Monthly	As Filed	Variance
Depreciation Expense	\$259,294	\$259,294	\$0
Ad Valorem Taxes	167,197	167,197	-
Return	508,717	509,712	(995)
Income Taxes	(172,424)	(172,520)	96
Gross up for Taxes	307,670	308,033	(363)
Total	\$1,070,454	\$1,071,716	(\$1,262)

Total	\$1,850,000	\$1,852,212	(\$2,212)
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1/ Revised to reflect alternative monthly period proration rather than annual period proration methodology.

**GREAT PLAINS NATURAL GAS CO.
 GUIC PLANT ADDITIONS - MAINS
 DEFERRED TAXES CALCULATION - XCEL METHOD
 GAS UTILITY - MINNESOTA
 2016 ADDITIONS**

2016 Plant additions - 2018 GUIC

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Deferred Beg. Bal.:	\$30,429	\$31,246	\$32,063	\$32,880	\$33,697	\$34,514	\$35,331	\$36,148	\$36,965	\$37,782	\$38,599	\$39,416
Monthly Deferred Tax Exp. Activity:	817	817	817	817	817	817	817	817	817	817	817	819
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	30,824	31,655	32,458	33,289	34,092	34,923	35,726	36,543	37,374	38,177	39,008	39,812
Month End Bal. - no proration:	31,246	32,063	32,880	33,697	34,514	35,331	36,148	36,965	37,782	38,599	39,416	40,235

2016 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$40,235	\$40,938	\$41,641	\$42,344	\$43,047	\$43,750	\$44,453	\$45,156	\$45,859	\$46,562	\$47,265	\$47,968
Monthly Deferred Tax Exp. Activity:	703	703	703	703	703	703	703	703	703	703	703	699
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	40,575	41,290	41,981	42,696	43,387	44,102	44,793	45,496	46,211	46,902	47,617	48,306
Month End Bal. - no proration:	40,938	41,641	42,344	43,047	43,750	44,453	45,156	45,859	46,562	47,265	47,968	48,667

	<u>2018 GUIC</u>	<u>2019 GUIC</u>
Year end Plant Bal.:	\$956,526	\$956,526
Tax Depreciation Rate:	6.6770%	6.1770%
	63,867	59,085
Book Depreciation:	29,748	29,748
Remainder:	34,119	29,337
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	\$9,806	\$8,432
Monthly Increment:	\$817	\$703

**GREAT PLAINS NATURAL GAS CO.
 GUIC PLANT ADDITIONS - SERVICES
 DEFERRED TAXES CALCULATION - XCEL METHOD
 GAS UTILITY - MINNESOTA
 2016 ADDITIONS**

2016 Plant additions - 2018 GUIC

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Deferred Beg. Bal.:	\$24,574	\$25,178	\$25,782	\$26,386	\$26,990	\$27,594	\$28,198	\$28,802	\$29,406	\$30,010	\$30,614	\$31,218
Monthly Deferred Tax Exp. Activity:	604	604	604	604	604	604	604	604	604	604	604	607
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	24,866	25,480	26,074	26,688	27,282	27,896	28,490	29,094	29,708	30,302	30,916	31,512
Month End Bal. - no proration:	25,178	25,782	26,386	26,990	27,594	28,198	28,802	29,406	30,010	30,614	31,218	31,825

2016 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$31,825	\$32,324	\$32,823	\$33,322	\$33,821	\$34,320	\$34,819	\$35,318	\$35,817	\$36,316	\$36,815	\$37,314
Monthly Deferred Tax Exp. Activity:	499	499	499	499	499	499	499	499	499	499	499	493
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	32,066	32,574	33,064	33,572	34,062	34,570	35,060	35,559	36,067	36,557	37,065	37,553
Month End Bal. - no proration:	32,324	32,823	33,322	33,821	34,320	34,819	35,318	35,817	36,316	36,815	37,314	37,807

	<u>2018 GUIC</u>	<u>2019 GUIC</u>
Year end Plant Bal.:	\$883,018	\$883,018
Tax Depreciation Rate:	6.6770%	6.1770%
	58,959	54,544
Book Depreciation:	33,732	33,732
Remainder:	25,227	20,812
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	\$7,251	\$5,982
Monthly Increment:	\$604	\$499

**GREAT PLAINS NATURAL GAS CO.
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 GAS UTILITY - MINNESOTA
 2017 ADDITIONS**

2017 Plant additions - 2018 GUIC

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Deferred Beg. Bal.:	\$24,005	\$25,689	\$27,373	\$29,057	\$30,741	\$32,425	\$34,109	\$35,793	\$37,477	\$39,161	\$40,845	\$42,529
Monthly Deferred Tax Exp. Activity:	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,681
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	24,820	26,531	28,188	29,899	31,556	33,267	34,924	36,608	38,319	39,976	41,687	43,342
Month End Bal. - no proration:	25,689	27,373	29,057	30,741	32,425	34,109	35,793	37,477	39,161	40,845	42,529	44,210

2017 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$44,210	\$45,672	\$47,134	\$48,596	\$50,058	\$51,520	\$52,982	\$54,444	\$55,906	\$57,368	\$58,830	\$60,292
Monthly Deferred Tax Exp. Activity:	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,458
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	44,917	46,403	47,841	49,327	50,765	52,251	53,689	55,151	56,637	58,075	59,561	60,998
Month End Bal. - no proration:	45,672	47,134	48,596	50,058	51,520	52,982	54,444	55,906	57,368	58,830	60,292	61,750

	<u>2018 GUIC</u>	<u>2019 GUIC</u>
Year end Plant Bal.:	\$1,710,848	\$1,710,848
Tax Depreciation Rate:	7.2190%	6.6770%
	123,506	114,233
Book Depreciation:	53,208	53,208
Remainder:	70,298	61,025
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	\$20,205	\$17,540
Monthly Increment:	\$1,684	\$1,462

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 DEFERRED TAXES CALCULATION - XCEL METHOD
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 2017 ADDITIONS**

2017 Plant additions - 2018 GUIC

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Deferred Beg. Bal.:	\$15,949	\$16,899	\$17,849	\$18,799	\$19,749	\$20,699	\$21,649	\$22,599	\$23,549	\$24,499	\$25,449	\$26,399
Monthly Deferred Tax Exp. Activity:	950	950	950	950	950	950	950	950	950	950	950	948
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	16,409	17,374	18,309	19,274	20,209	21,174	22,109	23,059	24,024	24,959	25,924	26,858
Month End Bal. - no proration:	16,899	17,849	18,799	19,749	20,699	21,649	22,599	23,549	24,499	25,449	26,399	27,347

2017 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$27,347	\$28,159	\$28,971	\$29,783	\$30,595	\$31,407	\$32,219	\$33,031	\$33,843	\$34,655	\$35,467	\$36,279
Monthly Deferred Tax Exp. Activity:	812	812	812	812	812	812	812	812	812	812	812	815
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	27,740	28,565	29,364	30,189	30,988	31,813	32,612	33,424	34,249	35,048	35,873	36,673
Month End Bal. - no proration:	28,159	28,971	29,783	30,595	31,407	32,219	33,031	33,843	34,655	35,467	36,279	37,094

	<u>2018 GUIC</u>	<u>2019 GUIC</u>
Year end Plant Bal.:	\$1,166,692	\$1,166,692
Tax Depreciation Rate:	7.2190%	6.6770%
	84,223	77,900
Book Depreciation:	44,568	43,988
Remainder:	39,655	33,912
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	\$11,398	\$9,747
Monthly Increment:	\$950	\$812

**GREAT PLAINS NATURAL GAS CO.
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 GAS UTILITY - MINNESOTA
 2018 ADDITIONS**

2018 Plant additions - 2018 GUIC

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Deferred Beg. Bal.:	\$0	\$811	\$1,622	\$2,433	\$3,244	\$4,055	\$4,866	\$5,677	\$6,488	\$7,299	\$8,110	\$8,921
Monthly Deferred Tax Exp. Activity:	811	811	811	811	811	811	811	811	811	811	811	813
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	392	1,217	2,014	2,839	3,636	4,461	5,258	6,069	6,894	7,691	8,516	9,314
Month End Bal. - no proration:	811	1,622	2,433	3,244	4,055	4,866	5,677	6,488	7,299	8,110	8,921	9,734

2018 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$9,734	\$10,991	\$12,248	\$13,505	\$14,762	\$16,019	\$17,276	\$18,533	\$19,790	\$21,047	\$22,304	\$23,561
Monthly Deferred Tax Exp. Activity:	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,254
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	10,342	11,620	12,856	14,134	15,370	16,648	17,884	19,141	20,419	21,655	22,933	24,168
Month End Bal. - no proration:	10,991	12,248	13,505	14,762	16,019	17,276	18,533	19,790	21,047	22,304	23,561	24,815

	<u>2018 GUIC</u>	<u>2019 GUIC</u>
Year end Plant Bal.:	\$1,276,861	\$1,276,861
Tax Depreciation Rate:	3.7500%	7.2190%
	47,882	92,177
Book Depreciation:	14,016	39,708
Remainder:	33,866	52,469
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	\$9,734	\$15,081
Monthly Increment:	\$811	\$1,257

**GREAT PLAINS NATURAL GAS CO.
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2018 Plant additions - 2018 GUIC

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Deferred Beg. Bal.:	\$0	\$480	\$960	\$1,440	\$1,920	\$2,400	\$2,880	\$3,360	\$3,840	\$4,320	\$4,800	\$5,280
Monthly Deferred Tax Exp. Activity:	480	480	480	480	480	480	480	480	480	480	480	482
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	232	720	1,192	1,680	2,152	2,640	3,112	3,592	4,080	4,552	5,040	5,513
Month End Bal. - no proration:	480	960	1,440	1,920	2,400	2,880	3,360	3,840	4,320	4,800	5,280	5,762

2018 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$5,762	\$6,422	\$7,082	\$7,742	\$8,402	\$9,062	\$9,722	\$10,382	\$11,042	\$11,702	\$12,362	\$13,022
Monthly Deferred Tax Exp. Activity:	660	660	660	660	660	660	660	660	660	660	660	656
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	6,081	6,752	7,401	8,072	8,721	9,392	10,041	10,701	11,372	12,021	12,692	13,339
Month End Bal. - no proration:	6,422	7,082	7,742	8,402	9,062	9,722	10,382	11,042	11,702	12,362	13,022	13,678

	<u>2018 GUIC</u>	<u>2019 GUIC</u>
Year end Plant Bal.:	\$810,197	\$810,197
Tax Depreciation Rate:	3.7500%	7.2190%
	30,382	58,488
Book Depreciation:	10,333	30,948
Remainder:	20,049	27,540
Income Tax Rate:	28.7420%	28.7420%
Deferred Income Tax:	\$5,762	\$7,916
Monthly Increment:	\$480	\$660

**GREAT PLAINS NATURAL GAS CO.
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2019 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$0	\$933	\$1,866	\$2,799	\$3,732	\$4,665	\$5,598	\$6,531	\$7,464	\$8,397	\$9,330	\$10,263
Monthly Deferred Tax Exp. Activity:	933	933	933	933	933	933	933	933	933	933	933	929
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	451	1,400	2,317	3,266	4,183	5,132	6,049	6,982	7,931	8,848	9,797	10,713
Month End Bal. - no proration:	933	1,866	2,799	3,732	4,665	5,598	6,531	7,464	8,397	9,330	10,263	11,192

2019 GUIC

Year end Plant Bal.:	\$1,412,140
Tax Depreciation Rate:	3.7500%
	52,955
Book Depreciation:	14,016
Remainder:	38,939
Income Tax Rate:	28.7420%
Deferred Income Tax:	\$11,192
Monthly Increment:	\$933

**GREAT PLAINS NATURAL GAS CO.
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2019 Plant additions - 2019 GUIC

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Deferred Beg. Bal.:	\$0	\$810	\$1,620	\$2,430	\$3,240	\$4,050	\$4,860	\$5,670	\$6,480	\$7,290	\$8,100	\$8,910
Monthly Deferred Tax Exp. Activity:	810	810	810	810	810	810	810	810	810	810	810	804
Pro Ration Factor	48.39%	50.00%	48.39%	50.00%	48.39%	50.00%	48.39%	48.39%	50.00%	48.39%	50.00%	48.39%
Month End Bal. - with proration:	392	1,215	2,012	2,835	3,632	4,455	5,252	6,062	6,885	7,682	8,505	9,299
Month End Bal. - no proration:	810	1,620	2,430	3,240	4,050	4,860	5,670	6,480	7,290	8,100	8,910	9,714

2019 GUIC

Year end Plant Bal.:	\$1,176,785
Tax Depreciation Rate:	3.7500%
	44,129
Book Depreciation:	10,333
Remainder:	33,796
Income Tax Rate:	28.7420%
Deferred Income Tax:	\$9,714
Monthly Increment:	\$810