

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

In the Matter of the Request of Minnesota
Regulated Gas and Electric Utilities for
Authorization to Track Expenses Resulting
From the Effects of COVID-19 and
Record and Defer Such Expenses Into a
Regulatory Asset

Docket No. E, G-999/M-20-427

**REPLY COMMENTS OF
JOINT PETITIONERS**

The Joint Petitioners¹ (“Petitioners”) respectfully file these reply comments in response to the July 10, 2020 Comments filed by the Department of Commerce – Division of Energy Resources (“Department”) and the Office of the Attorney General – Residential Utilities Division (“OAG”) in the above-captioned matter,² providing their response to the June 10, 2020 filings of the Petitioners and the individual utilities. As discussed below, the issue currently before the Commission is a limited one – should the Commission approve, modify or reject the Petitioners’ proposed framework and template (Attachment A to the Petitioners’ June 10 filing) for tracking cost and revenue impacts due to the

¹ The Joint Petitioners consist of the rate-regulated electric and natural gas service providers in Minnesota, alphabetically: CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas, Dakota Electric Association, Great Plains Natural Gas Co., Greater Minnesota Gas, Inc., Minnesota Energy Resources Corporation, Minnesota Power, Northern States Power Company d/b/a Xcel Energy and Otter Tail Power.

² Brief letter comments were also filed on July 10, 2020 by the “Minnesota Large Industrial Group” (“MLIG”), presumably an *ad hoc* group of industrial customers of certain of the Petitioners. However, MLIG merely reserved the right to submit comments at a later date, so Petitioners, either collectively or individually, will respond if and when MLIG submits such comments.

pandemic. No cost recovery decisions can or should be made. Rather, any such decision should be made only in the context of a future request for recovery by an individual utility and will be judged on the basis of the record developed in that proceeding. The goal now is to provide as uniform a method as possible for tracking the financial impacts of the pandemic on the various utilities.

The Commission and all parties have acknowledged that the circumstances being faced by utilities due to the pandemic are unique and extraordinary, with impacts that may vary significantly from utility to utility and that are largely still unknown. For that reason, any framework or template for tracking cost and revenue impacts must be flexible enough to fit the unique circumstances faced by the different utilities, while still providing a sound basis for later regulatory review by the Commission, if individual utilities request cost recovery. Petitioners appreciate the Department's conclusion that it "generally agrees with the Joint Petitioners overall approach and [CenterPoint Energy Minnesota Gas's] four-step process for tracking and deferring COVID-19 related costs and revenues and that the Joint Petitioners' Attachment A is a good starting point to identify possible costs and revenues related to the pandemic." Petitioners agree, and recommend that the Commission approve the Petitioners' June 10 framework and Attachment A template.

Petitioners further agree with other Department comments and recommendations, including the acknowledgement that any utility seeking cost recovery will bear the burden of proof, that any such recovery should be limited to incremental costs or revenues and that quarterly reports should be filed 30 days after the end of each quarter.

However, Petitioners respectfully submit that certain other Department recommendations are not ripe for decision and that the OAG recommendations are either similarly premature or are misplaced. For example, the Department appears to recommend that the Commission deny carrying costs at this time and the OAG recommends that the Commission “consider” limiting cost recovery to 80% of the costs actually incurred. Again, cost recovery is not before the Commission at this time. The Commission should neither “guarantee” nor “foreclose” any recovery unless and until a utility requests it. The Commission will then have full information before it, upon which to make a sound decision.

The OAG also urges the Commission to require the utilities to track and report “trends related to (1) fuel and purchased power costs, (2) costs of capital, (3) operations and maintenance costs and (4) the efficient deployment of generating units given the assumed flattening of loads.” However, Petitioners already included cost of capital and operations and maintenance impacts in Attachment A. Moreover, any changes in “fuel and purchased power costs” or “the efficient deployment of generating units given the assumed flattening of loads” will be captured in either purchased gas adjustment or fuel clause adjustment filings that will occur outside of this docket. Therefore, no such “requirement” in this docket is necessary or appropriate.

Petitioners also respectfully disagree with the OAG recommendation to require monthly reporting by the utilities, with monthly notice and comment periods, and quarterly agenda meetings. Certainly, parties may comment on any utility’s compliance filings and the Commission has the discretion to place this docket on its agenda at any time, if it wishes

further information or discussion. However, process should not overwhelm substance. Petitioners respectfully suggest that, at this time, quarterly filings sufficiently apprise the Commission and parties of the financial impacts experienced by the utilities and the magnitude of any potential future request for recovery.

Finally, both the Department and OAG request that the Commission establish an “end date” for any tracking and deferral, tying such a date to the end of the peacetime emergency, with or without an additional period of time of up to 60 days. Unfortunately, the COVID-19 pandemic will follow its course regardless of any declaration of a peacetime emergency. More importantly, no such “end date” need be established in order to protect ratepayers from an excessive cost recovery request. If and when any utility requests cost recovery, that utility will need to demonstrate, among other factors, that the financial impact was incremental and directly related to the pandemic. If the Commission determines it was not, the Commission will deny recovery. Moreover, explicitly tying an “end date” to the end of the peacetime emergency may fail to capture the full magnitude of the financial impact on the utilities. For example, bad debt expenses may continue to grow after the end of any designated peacetime emergency.

As discussed above, and in the Petitioners June 10, 2020 Comments and Attachment A, Petitioners respectfully request Commission approval of their proposed framework and template for tracking the financial impacts on the utilities directly related to the COVID-19 pandemic.

Dated: July 20, 2020

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ON BEHALF OF JOINT PETITIONERS

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