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November 18, 2019

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Proposed Tariff Change to CCRA
Docket No. G022/M-19-633

Dear Mr. Wolf:

Attached hereto, please find Greater Minnesota Gas, Inc.'s Gas Reply Comments for filing in the-above referenced docket.

All individuals identified on the attached service list have been electronically served with the same.

Thank you for your assistance. Please do not hesitate to contact me should you have any questions or concerns or if you require additional information. My direct dial number is (507) 209-2110 and my email address is kanderson@greatermngas.com.

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/
Kristine A. Anderson
Corporate Attorney

Enclosure

cc: Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_19-633_M-19-633
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-633_M-19-633
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_19-633_M-19-633
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_19-633_M-19-633
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_19-633_M-19-633
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_19-633_M-19-633
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_19-633_M-19-633
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-633_M-19-633

STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie Sieben
Dan Lipschultz
Valerie Means
Matt Schuerger
John Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

MPUC Docket No. G022/M-19-633

**In the Matter of Greater Minnesota
Gas, Inc.'s Conservation Improvement
Program Conservation Cost Recovery
Adjustment Tariff Change**

REPLY COMMENTS

OVERVIEW

Greater Minnesota Gas, Inc. (“GMG”) submitted a filing to the Minnesota Public Utilities Commission (“Commission”) requesting approval for a reduction in its Conservation Cost Recovery Adjustment (CCRA) on October 9, 2019. The Petition requests that the Commission approve GMG’s proposed tariff change reducing its CCRA from \$0.18 per dekatherm to \$0.03 per dekatherm. On November 8, 2019, the Minnesota Department of Commerce, Division of Energy Resources (“Department”), filed Comments of the Minnesota Department of Commerce Division of Energy Resources (“Comments”) in response to GMG’s proposed change. This submission constitutes GMG’s Reply to the Department’s Comments.

ISSUE SUMMARY

In its Comments, the Department recommended that, rather than approving GMG’s request, the Commission set GMG’s CCRA at \$0.00. While GMG does not object to that result, GMG nonetheless provides additional information herein regarding the following aspects of the Comments in order to clarify the record and address the Department’s concerns:

- Discussion regarding GMG’s intent to make annual tracker balance filings.
- Discussion regarding the illustrative prospective information that GMG included with its proposed tariff change.

DISCUSSION IN REPLY

GMG appreciates the Comments and apologizes for the perception that it does not understand the importance of compliance. For a number of years, GMG administered its Conservation Improvement Program (CIP) without implementing a Rider to recover its CIP expenses. As GMG grew and its CIP offerings expanded, implementing a Rider became more important. Accordingly, after consultation with Department staff regarding development of the Rider and how to address GMG's existing CIP expense shortfall, GMG proposed that it incorporate a CCRA Rider into its tariff as it entered a new CIP triennial. GMG's CCRA was approved in Docket No. G022/M-16-494.

As part of the development of GMG's Rider, GMG amortized its then-existing shortfall over a three-year period. Additionally, GMG agreed to not implement either carrying charges or consider an incentive component for the same three-year period. GMG's intent, and its understanding, was that its CCRA would remain the same for the initial three-year period. GMG further understood that its CCRA would subsequently be subject to annual adjustment as appropriate to recover anticipate CIP costs without adversely impacting customer rates. GMG maintained tracker information by month and, since 2019 represents the end of the three-year period, GMG proposed a reduction in its CCRA via a tariff change.

The Department characterized GMG as not complying with the Commission's initial order establishing the CCRA because it did not make annual filings and because its prospective information contained two years of annual calculations rather than monthly calculations. After reviewing the Department's Comments, GMG recognizes that its understanding of the initial CCRA implementation was different from the Department's, and GMG apologizes for its erroneous understanding and misinterpretation of the Commission's Order. GMG fully intends, as it always has, that its CCRA will be subject to annual adjustments on a go-forward basis as appropriate based on the annual filings that it will make incorporating monthly data.

With regard to monthly data, GMG understands that the CIP data it reports should be broken down by month and, as the Department recognized, GMG did provide tracker balance information by month in its initial filing herein. While the Commission's prior order did not specify that prospective calculations should also be provided by month, the Department took issue with the fact that GMG provided two years of annual prospective calculations for illustrative purposes. GMG provided annual prospective data for purposes of illustration only because that seemed to make the most sense; and, GMG provided illustrative data for a two year period rather than one simply to provide more information about the CCRA change impact. For a small utility like GMG which has exhibited high growth over recent years; and, for one like GMG that has substantial change in seasonal use due to agricultural grain drying customers; any prediction of future use is necessarily generalized and can be imprecise. While GMG can, and does, examine general trends in usage and extrapolate that to make annual usage predictions, attempting to funnel annual predictions into monthly ones only exacerbates the imprecision fed by extrapolation. GMG felt that annual calculations provided the best assessment to illustrate the prospective impact of a CCRA change in a meaningful way. In light of the Department's Comments, GMG has attached prospective illustrative calculations broken down by month hereto for review.

GMG understands the Department's concerns and its recommendation that GMG's CCRA be set at \$0.00 pending review subsequent to an updated tracker filing on or before May 1, 2020; and, GMG has no objection to taking that approach. Whether the Commission prefers to set GMG's CCRA at \$0.00 in the near term or set it at some other rate, GMG and the Department concur that GMG's CCRA should be reduced.

REQUEST FOR COMMISSION ACTION

GMG proposes that its CCRA be reduced. GMG has no objection to a temporary reduction to \$0.00 pursuant to the Department's recommendation. GMG will begin making annual tracker balance filings reflecting monthly data on or before May 1, 2020 and will incorporate any proposed CCRA adjustments therein as appropriate.

Dated: November 18, 2019

Respectfully submitted,

/s/
Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
1900 Cardinal Lane
P.O. Box 798
Faribault, MN 55021
Phone: 888-931-3411

Greater Minnesota Gas														
Projected CIP Tracker and Balance														
2020 by Month														
		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Annual
	Expenses	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Summary
1	Beginning Balance- Under/(Over) Recovered	(217,941)	(173,528)	(171,788)	(167,135)	(161,140)	(151,694)	(143,373)	(141,347)	(140,061)	(130,737)	(115,862)	(110,956)	(217,941)
2	CIP Expenses	65,000	20,000	18,000	15,000	15,000	12,000	5,000	5,000	15,000	25,000	20,000	45,000	260,000
3	Financial Incentive													
4	Additional Adjustments													
5	Total Balance, Expenses, Adjustments, Incentive (Lines 1+2+3+4)	(152,941)	(153,528)	(153,788)	(152,135)	(146,140)	(139,694)	(138,373)	(136,347)	(125,061)	(105,737)	(95,862)	(65,956)	42,059
	Recoveries													
6	Total Sales (MCF)	302,356	267,600	195,700	130,900	80,000	52,000	42,000	52,400	80,500	148,000	220,000	273,500	1,844,956
7	CIP-Exempt Sales (MCF)	13,623	11,500	8,500	4,600	2,100	400	300	300	900	6,000	8,300	9,500	66,023
8	Total CIP-Applicable Sales (MCF) (Line 6 - Line 7)	288,733	256,100	187,200	126,300	77,900	51,600	41,700	52,100	79,600	142,000	211,700	264,000	1,778,933
9	Base Rate (CCRC) (\$/Dth)	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	
10	Base Rate (CCRC) Recovery (\$) (Line 8*Line 9)	(11,925)	(10,577)	(7,731)	(5,216)	(3,217)	(2,131)	(1,722)	(2,152)	(3,287)	(5,865)	(8,743)	(10,903)	(73,470)
11	Adjustment Factor (CCRA) (\$/Dth)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
12	Adjustment Factor (CCRA) Recovery (\$) (Line 8 * Line 11)	(8,662)	(7,683)	(5,616)	(3,789)	(2,337)	(1,548)	(1,251)	(1,563)	(2,388)	(4,260)	(6,351)	(7,920)	(53,368)
13	Total Recoveries (\$) (Lines 10 + 12)	(20,587)	(18,260)	(13,347)	(9,005)	(5,554)	(3,679)	(2,973)	(3,715)	(5,675)	(10,125)	(15,094)	(18,823)	(126,838)
	Carrying Charges													
14	Sub-Balance (\$) (Lines 5 + 13)	(173,528)	(171,788)	(167,135)	(161,140)	(151,694)	(143,373)	(141,347)	(140,061)	(130,737)	(115,862)	(110,956)	(84,779)	(84,779)
15	Carrying Charge Rate													
16	Carrying Charges (\$) (Line 14 * Line 15)													
17	Ending Tracker Balance (\$) - Under/(Over) Recovered (Lines 14 + 16)	(173,528)	(171,788)	(167,135)	(161,140)	(151,694)	(143,373)	(141,347)	(140,061)	(130,737)	(115,862)	(110,956)	(84,779)	(84,779)

Greater Minnesota Gas														
Projected CIP Tracker and Balance														
2021 by Month														
		Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Annual
	Expenses	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Summary
1	Beginning Balance- Under/(Over) Recovered	(84,779)	(40,370)	(38,630)	(33,978)	(27,983)	(18,537)	(10,216)	(8,189)	(6,904)	2,420	17,296	22,202	(84,779)
2	CIP Expenses	65,000	20,000	18,000	15,000	15,000	12,000	5,000	5,000	15,000	25,000	20,000	45,000	260,000
3	Financial Incentive													
4	Additional Adjustments													
5	Total Balance, Expenses, Adjustments, Incentive (Lines 1+2+3+4)	(19,779)	(20,370)	(20,630)	(18,978)	(12,983)	(6,537)	(5,216)	(3,189)	8,096	27,420	37,296	67,202	175,221
	Recoveries													
6	Total Sales (MCF)	302,400	267,600	195,700	130,900	80,000	52,000	42,000	52,400	80,500	148,000	220,000	273,500	1,845,000
7	CIP-Exempt Sales (MCF)	13,600	11,500	8,500	4,600	2,100	400	300	300	900	6,000	8,300	9,500	66,000
8	Total CIP-Applicable Sales (MCF) (Line 6 - Line 7)	288,800	256,100	187,200	126,300	77,900	51,600	41,700	52,100	79,600	142,000	211,700	264,000	1,779,000
9	Base Rate (CCRC) (\$/Dth)	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	
10	Base Rate (CCRC) Recovery (\$) (Line 8*Line 9)	(11,927)	(10,577)	(7,731)	(5,216)	(3,217)	(2,131)	(1,722)	(2,152)	(3,287)	(5,865)	(8,743)	(10,903)	(73,473)
11	Adjustment Factor (CCRA) (\$/Dth)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
12	Adjustment Factor (CCRA) Recovery (\$) (Line 8 * Line 11)	(8,664)	(7,683)	(5,616)	(3,789)	(2,337)	(1,548)	(1,251)	(1,563)	(2,388)	(4,260)	(6,351)	(7,920)	(53,370)
13	Total Recoveries (\$) (Lines 10 + 12)	(20,591)	(18,260)	(13,347)	(9,005)	(5,554)	(3,679)	(2,973)	(3,715)	(5,675)	(10,125)	(15,094)	(18,823)	(126,843)
	Carrying Charges													
14	Sub-Balance (\$) (Lines 5 + 13)	(40,370)	(38,630)	(33,978)	(27,983)	(18,537)	(10,216)	(8,189)	(6,904)	2,420	17,296	22,202	48,378	48,378
15	Carrying Charge Rate													
16	Carrying Charges (\$) (Line 14 * Line 15)													
17	Ending Tracker Balance (\$) - Under/(Over) Recovered (Lines 14 + 16)	(40,370)	(38,630)	(33,978)	(27,983)	(18,537)	(10,216)	(8,189)	(6,904)	2,420	17,296	22,202	48,378	48,378