


Staff Briefing Papers

Meeting Date	November 21, 2017	Agenda Item **7
Company	Minnesota Energy Resources Corporation (MERC)	
Docket No.	G-011/MR-17-564 In the Matter of the Petition of Minnesota Energy Resources Corporation (MERC) for Approval to Establish a New Base Cost of Gas for Interim Rates in MERC's General Rate Case, in Docket No. G-011/GR-17-563	
Issues	Should the Commission approve MERC's proposed interim period base cost of gas?	
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 Relevant Documents	Date
MERC – Initial Interim Base Cost of Gas Petition	September 29, 2017
Department of Commerce (Department) - Comments	October 23, 2017
MERC – Reply Comments	October 30, 2017

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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.

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I. Statement of the Issues

Should the Commission approve MERC's proposed interim period base cost of gas?

II. Background

On September 29, 2017, MERC filed this petition, in Docket No. G-011/MR-17-564, requesting approval of a new base cost of gas to coincide with the implementation of interim rates in its general rate case pursuant to Minn. R. 7825.2700, Subp. 2, New Base Gas Cost.

On October 13, 2017, Minnesota Energy Resources Corporation (MERC) filed its general rate case in Docket No. G-011/GR-17-563.

On October 23, 2017, the Department of Commerce (Department) filed *Comments* requesting further information be provided in MERC's *Reply Comments in this docket* and in MERC's *2017/2018 Demand Entitlement Petitions* (Docket Nos. G-011/M-17-587 and G-011/M-17-588).

On October 30, 2017, MERC filed its *Reply Comments* responding to the Department's October 23, 2017 *Comments*.

III. Relevant Commission Rules

Minn. Rules Pt. 7825.2700, Subp. 2, New Base Gas Cost

A new base gas cost must be submitted as a miscellaneous rate change to coincide with the implementation of interim rates during a general rate proceeding. A new base gas cost must also be part of the rate design compliance filing submitted as a result of a general rate proceeding. The base gas cost must separately state the commodity base cost and the demand base cost components for each class. The base gas cost for each class is determined by dividing the estimated base period cost of purchased gas for each class by the estimated base period annual sales volume for each class.

Minn. Rules Pt. 7829.1300, Miscellaneous Tariff and Price List Filings

Minn. Rules Pt. 7825.3200 (B), Miscellaneous Rate Changes

IV. Parties Positions

1. MERC

MERC filed its interim base cost of gas miscellaneous rate petition on September 29, 2017, to coincide with its proposed January 1, 2018 implementation of interim rates in its general rate

case, Docket No. G-011/GR-17-563 (filed October 13, 2017).¹ MERC has two PGA areas; NNG, and Consolidated.²

MERC’s petition proposed new interim base cost of gas factors for each Purchased Gas Adjustment (PGA) area. MERC’s general service firm customers pay the total interim base cost of gas PGA factor (includes both demand and commodity PGA factors), interruptible sales service customers generally do not pay for interstate pipeline demand entitlement costs, but pay the commodity interim base cost of gas PGA factor.³

MERC’s demand and commodity costs were divided by the projected annual sales for the respective PGA area in order to develop the base cost of gas demand and commodity PGA district’s factors; see Table 1 for MERC’s proposed PGA factors.⁴

Table 1: MERC’s Proposed Interim Base Cost of Gas PGA Factors

PGA Area	Demand PGA Factor	Commodity PGA Factor ⁵	Total PGA Factor ⁶
	\$ per therm	\$ per therm	\$ per therm
	(1)	(2)	(3)
MERC-NNG	0.09361	0.37406	0.46767
MERC-Consolidated	0.07415	0.31575	0.38990

Table 2: MERC’s Base Cost of Gas

PGA Areas	Demand Costs	Commodity Costs	Total Costs
	(1)	(2)	(3)
NNG	\$22,176,683	\$98,879,006	\$121,055,689
Consolidated	\$3,587,907	\$18,280,073	\$21,867,980
Total	\$25,764,590	\$117,159,079	\$142,923,669

2. Department

The Department’s review concluded that MERC’s initial interim base cost of gas petition meets the requirements set forth in Minn. R. 7825.2700, subp. 2. The Department further reviewed MERC’s interim period demand and commodity factors and associated costs, see the below analysis.

¹ Pursuant to Minn. R. 7825.2700, subp. 2 and Minn. R. 7825.3200. part B.

² The NNG PGA area includes the Albert Lea PGA area acquired when MERC purchased IPL’s assets, see Docket No. 14-107. MERC consolidated the NNG and Albert Lea PGA areas on July 1, 2017, pursuant to MERC’s last general rate case, Docket No. 15-736.

³ MERC’s NNG PGA district interruptible customers do pay for the demand entitlement costs associated with MERC’s Bison and NBPL costs, which is an upstream gas supply sources for MERC.

⁴ Excludes System Loss or Company Use.

⁵ Charged to Interruptible sales customers.

⁶ Charged to all firm general service (sales) customers, includes all general service (sales) and joint service customers.

Department Recommendations:

The Department recommended that the Commission approve MERC's interim period base cost of gas petition (Docket No. 17-564), but with additional recommendations and requests.

- In its November update in Docket 17-588 (demand entitlement petition), MERC should reconcile and explain its proposed changes to MERC's October 1, 2017 PGA (Docket No. 17-703);
- Provide in its November demand entitlement update (Docket 17-587), detailed information on the status of the replacement for the AECO storage contract.

[Staff note: MERC has filed its November update for Docket Nos. 17-587 and 17-588, if the alternatives are approved, the requested information could be filed as a supplement to the November update.]

- In addition, the Department recommended that the Commission require MERC to:
- Provide updated NYMEX cost of gas pricing information in this proceeding and in its companion general rate case; Docket No. G011/MR-17-564;
- Work with the Department and Commission Staff to determine the appropriate timing for its updated base cost of gas petition reflecting changes in the demand cost caused by revised interstate contracts and changes in commodity costs caused by revised NYMEX gas prices. To provide this updated information in both its updated base cost of gas petition (Docket No. 17-564) and the general rate case (Docket No. 17-563);
- Ensure that the demand costs in any Petition update(s) be consistent with MERC's updated demand entitlement filings (Docket Nos. 17-587 and 17-588); and
- File, in a red-line format, any and all of the affected testimony, schedules, work papers, and informational requirements that are impacted as a result of changes to its base cost of gas. In addition, MERC should provide the citation(s) and references to these associated changes reflected in its general rate case (Docket 17-563) and in its base cost of gas petition update (Docket 17-564).

3. PUC staff

Staff agrees with the Department's conclusion that MERC has met the Minn. R. 7825.2700, subp. 2 requirements.

V. MERC’s Proposed Base Cost of Gas

A. Demand Costs

1. MERC

MERC states that its monthly demand costs were calculated by applying the respective contract rates (interstate pipeline rates) and surcharges to the monthly contract levels for each PGA area.⁷ As directed by various Commission Orders, MERC proposes to recover storage demand costs, balancing costs, and the Bison/Northern Border Pipeline contract costs through the commodity factor.⁸

2. Department

The Department concluded that MERC’s base cost of gas amounts between the rate case (Docket No. 17-563) and the base cost of gas filing (Docket No. 17-564) are generally consistent with minor differences. MERC’s demand costs calculation is generally consistent with the demand entitlement contract levels and costs estimated in its November 2017 Purchased Gas Adjustment (PGA) filings and its demand entitlement petitions, Docket Nos. 17-587 and 17-588.

The Department noted that MERC’s demand costs in the November demand entitlement petition (Docket No. 17-588) were \$22,189,727 (includes company use gas), while its base cost of gas petition reflected \$22,176,683 (excludes company use costs), for a difference of \$13,044.

The Department further noted that differences exist between the November demand entitlement filings, Docket Nos. 17-587 and 17-588, the rate case, and the base cost of gas petition’s demand costs. For the Department’s calculations see Tables 2 and 3.

Table 3: The Department’s Analysis of Demand Costs – NNG PGA Area

Demand Costs	Docket No. 17-588 – Demand Entitlements ⁹	MERC’s Base Cost of Gas Petition	Difference
	(1)	(2)	(3) (2)-(1)
Demand Costs excluding the Company Use Costs	\$22,181,233	\$22,176,683	(\$4,550)
Demand Rate Impact	\$0.09363	\$0.09361	(\$0.00002)

⁷ See MERC’s Initial Interim Base Cost of Gas Petition, Exhibit 1, pp. 3-4.

⁸ For storage cost recovery, see the Commission’s August 6, 2014 Order for Docket Nos. 07-1402, 07-1403, 07-1404, and 07-1405. For balancing services cost recovery, see the Commission’s November 14, 2013 Order in Docket No. 12-756. For Bison/Northern Borders Pipeline cost recovery, see the Commission’s January 21, 2015 Order in Docket Nos. 10-1166, 10-1167, 10-1168, and 11-1169.

⁹ Reduced for the Company Use costs reflected in its November demand entitlement petition (Docket No. 17-588) – (\$22,189,727 - \$22,181,233 = \$8,494)

Table 4: The Department’s Analysis of Demand Costs – Consolidated PGA Area

Demand Costs	Docket No. 17-587 – Demand Entitlements	MERC’s Base Cost of Gas Petition	Difference
	(1)	(2)	(3) (2)-(1)
Demand Costs excluding the Company Use Costs	\$3,642,230	\$3,587,907	(\$54,323)
Demand Rate Impact	\$0.07527	\$0.07415	(\$0.00112)

The Department believes these differences are insignificant. However, the Department decided to review the demand costs in the October 2017 PGA filing (Docket No. 17-703) and noted NNG contract TF12(B) and TF12(V) differences. Because of these differences, the Department requested MERC to reconcile the demand cost changes between the November 2017 demand entitlement update (Docket No. 17-588) to the October 2017 PGA (Docket No. 17-703).

3. MERC Reply Comments

MERC agreed to reconcile its 2017-2018 demand entitlement filings (Docket Nos. 17-587 and 17-588) demand costs to MERC’s updated base cost of gas petition demand costs (Docket No. 17-564). Further, to reconcile the demand costs in its October 2017 (Docket No. 17-703) PGA filings to the updated base cost of gas petition.

4. PUC Staff

Staff agrees with the Department’s analysis and also, would like to see a reconciled comparison/explanation for the demand costs. Staff believes that some of the difference is the result of timing (when the information was prepared/provided), based on a phone conversation with MERC Witness Seth DeMerritt. MERC filed (on November 1, 2017) its updated demand entitlement petitions for Docket Nos. 17-587 and 17-588, but the Department has not submitted comments, therefore, staff will not comment on the data. Staff did analyze MERC’s base cost of gas petition demand costs, see table 5.

Table 5: Comparison of Demand Costs between Staff and MERC

PGA Areas	Demand Costs
	(1)
Staff’s Demand Costs	\$25,764,593
MERC’s Demand Costs	\$25,764,590
Differences	\$3

Staff believes the demand costs in MERC’s base cost of gas petition are reasonable, that the \$3 difference between MERC and Staff’s calculations are diminimis and do not have an impact on MERC’s demand base cost of gas factors. The Commission may wish to consider the Department’s request, and require MERC to reconcile the demand cost changes in the

November 2017 demand entitlement update filings (Docket Nos. 17-587 and 17-588) to its base cost of gas petition demand costs (Docket No. 17-564) and to the October 2017 PGA (Docket No. 17-703).

B. Commodity Costs

1. MERC

MERC's commodity costs were calculated using its 2018 forecasted gas sales data (calendar year) multiplied by the May 15, 2017 NYMEX gas prices adjusted for appropriate basis differences.¹⁰ The total commodity costs included the purchased gas costs, pipeline demand (includes the Bison/Northern Borders Pipeline costs), pipeline volumetric, storage, balancing, and hedging costs.¹¹

MERC proposes to recover Company Use gas costs through its base distribution rates (Docket No. 17-563) and recover its System Loss gas costs separately through its monthly PGA petitions.¹²

2. Department

The Department began its analysis by reviewing MERC's use of the May 15, 2017 NYMEX gas prices and concluded that MERC's gas pricing estimates appear reasonable. The Department reviewed MERC's commodity cost calculations, where the total commodity costs for both PGA areas were approximately \$117,159,079.¹³ The Department recommended that the Commission require MERC to provide an updated base cost of gas estimate to reflect more current NYMEX pricing at some point during the rate case process.

Further, the Department reviewed MERC's AECO storage contract assumptions discussed in Docket Nos. 17-587 (demand entitlement petition) and 16-651 (previous demand entitlement petition). MERC submitted a letter in Docket No. 16-651 notifying the Commission that it released the current AECO contract for the term of May 1, 2017 through April 30, 2018 - the expiration date of the contract. MERC justified its release by stating that it was operationally difficult to move gas to its city gate station, that it will rely on greater use of baseload and spot gas purchases to replace the AECO storage gas quantities. MERC indicated that it will continue to explore functional storage alternatives.

¹⁰ The May 15, 2017 NYMEX pricing was used because a mid-month price in general avoids the end of month or beginning of month price volatility that occurs prior to or immediately after bid week in the natural gas market. The month of May was chosen because it was the most recently completed period corresponding to the schedule set by MERC to compile the rate case filing in Docket No. G011/GR-17-563.

¹¹ See MERC's Initial Interim Base Cost of Gas Petition, Exhibit 1, p. 13 (NNG Costs) and p. 16 (Consolidated Gas Costs) for MERC's commodity cost summary, see the column labelled "Total Volumetric Cost."

¹² MERC's treatment of these gas costs is similar to prior dockets treatment.

¹³ See MERC's Initial Interim Base Cost of Gas Petition, Exhibit 1, pp. 12-17; and the Department's Comments, pp. 4-5.

MERC stated that it intends to replace the expiring AECO contract and use the contract as a proxy in projecting its interim base cost of gas. The Department believed that MERC’s use of its AECO storage contract is a reasonable substitute for alternatives to the AECO storage contract in its base cost of gas petition., but requested MERC provide detailed information in its Docket No. 17-587 November update on the replacement storage contract.

3. MERC Reply Comments

With respect to its AECO storage replacement contract, MERC agreed to provide an update in its November 1, 2017 updated demand entitlement petition (Docket No. 17-587) once it makes a decision on how to proceed with replacement storage, but MERC does not expect a decision until the first quarter of 2018. MERC will include its anticipated timeline and commitment to provide an update in its November 1, 2017 Demand Entitlement (Docket No. 17-587).

As previously mentioned in the above demand cost discussion, MERC agreed to provide an updated base cost of gas petition. MERC further agreed to update NYMEX gas prices for its base cost of gas, however, MERC prefers to update the NYMEX gas prices only once during the course of these rate case proceedings. Further, MERC agreed to work with the Department and Commission staff to determine the appropriate timing for the NYMEX pricing update, MERC prefers to file its update before it files its surrebuttal testimony.

4. PUC Staff

Staff agrees with the Department’s analysis and also, would like to see MERC’s base cost of gas petition updated for NYMEX gas pricing at an agreeable date to all parties. Staff notes that the update should also include any volume updates/changes made by MERC or the Department in MERC’s general rate case (Docket No. 17-563). Further, the Commission may wish to require MERC to provide detailed information in its Docket No. 17-587 November update on the replacement storage contract. Staff believes that MERC’s commodity costs within its base cost of gas petition are reasonable, that the \$1,072 difference between MERC and Staff is not material and does not impact MERC’s commodity base cost of gas factors, see Table 6.

Table 6: Comparison of Commodity Costs between Staff and MERC

PGA Areas	Commodity Costs
	(1)
Staff Commodity costs	\$117,160,151
MERC’s Commodity Cost	\$117,159,079
Differences	\$1,072

Staff believes that the Commission may wish to require MERC to provide an update/explanation on the potential replacement storage contract for the expiring AECO storage contract in this petition and as a supplement in the 17-587 docket (demand entitlement petition). In addition, the Commission may wish to require MERC to provide an updated explanation of its plan to use system baseload and spot market quantities to cover the

quantities from the AECO storage contract that MERC decided to release for the remaining term of the contract.

C. Total Base Cost of Gas Costs

1. MERC

MERC believes that the new base cost of gas amounts (Docket No. 17-564) will have no impact on its general rate case (Docket No. 17-563) because similar amounts are collected through revenues and expensed through its financial schedules.¹⁴ The recovery of gas costs will continue to be adjusted within the PGA on a monthly basis to reflect actual market prices of purchased gas.

2. Department

The Department analysis compared the total gas costs reflected in the base cost of gas petition of \$142,923,669 (Docket No. 17-564) with the gas costs reflected in MERC’s rate case of \$142,921,853 (Docket No. 17-563).¹⁵ The comparison resulted in a \$1,816 difference, which the Department attributed to rounding differences in the schedules – the Department concluded this was reasonable.

3. PUC Staff

Staff agrees with the Department that the base cost of gas calculations reflected in both dockets’ schedules (17-563 and 17-564) produce similar results and that any difference is attributable to rounding in MERC’s calculations. Further, staff agrees with MERC that changes in the base cost of gas amounts should not impact MERC’s general rate case’s financial position. Staff prepared its own analysis to test MERC’s calculations, and this test produced similar results, see Table 7:

Table 7: Summary of PUC Staff Base Cost of Gas Calculations

PGA Areas	Demand Costs	Commodity Costs	Total Costs
	(1)	(2)	(3)
NNG Costs	22,176,685	98,879,158	121,055,843
Consolidated Costs	3,587,908	18,280,993	21,868,901
Total costs	\$25,764,593	\$117,160,151	\$142,924,744
MERC’s Cost	\$25,764,590	\$117,159,079	\$142,923,669
Differences	\$3	\$1,072	\$1,075

¹⁴ In other words, base cost of gas revenues should equal base cost of gas expenses.

¹⁵ The Department was able to locate the gas costs in MERC’s rate case in the following documents: 1) Direct Testimony and Schedules of MERC’s Witness Amber Lee, Exhibit ___ (ASL-1); 2) Direct Testimony and Schedules of MERC’s Witness Seth DeMerritt, Exhibit (SSD-38), Schedule 2; and 3) MERC’s Volume III, Information Requirements Document 5, pages 3 and 5.

The differences calculated in staff’s analysis do not change the base cost of gas factors produced by MERC, thus do not warrant recalculating MERC’s base cost of gas factors at this time.

Further, staff analyzed the base cost of gas filed in this petition (Docket No. 17-564) to the final base cost of gas in Docket No. 15-736, MERC’s last general rate case. See Table 8:

Table 8: Comparison of Base Cost of Gas between Docket Nos. 17-564 and 15-736

PGA Areas	Demand Costs	Commodity Costs	Total Costs
	(1)	(2)	(3)
NNG – 17-564	\$22,176,683	\$98,879,006	\$121,055,689
NNG – 15-748	\$22,094,035	\$86,981,568	\$109,075,603
Differences	\$82,648	\$11,897,438	\$11,980,086
Consolidated – 17-564	\$3,587,907	\$18,280,073	\$21,867,980
Consolidated – 15-748	\$3,979,230	\$15,233,123	\$19,212,353
Differences	(\$391,323)	\$3,046,950	\$2,655,627
Total Difference	(\$308,675)	\$14,944,388	\$14,635,713

Staff notes that it appears the demand costs have decreased, and the commodity costs have increased since MERC’s last rate case in the 15-736 docket. The increased commodity costs support staff’s recommendation to have MERC recalculate its base cost of gas to reflect updated NYMEX gas pricing. At the time MERC prepared its base cost of gas petition for the 17-564 docket, staff is of the opinion that the natural gas prices increase resulted from summer load requirements for electric generators and seasonal storage fill requirements. If the update is calculated this coming spring, the gas pricing may decrease because of less use from the electric generators and less demand for natural gas. Thus, staff believes that the Commission should benefit from requiring MERC to update its base cost of gas petition to reflect updated NYMEX gas pricing at an agreeable date to all parties.

D. Tariff Sheets

1. MERC

MERC submitted its revised tariff sheets in both clean and red-lined formats.

2. Department

The Department reviewed the proposed tariff sheets and concluded that the proposed changes correctly update the base cost of gas factors in accordance with the calculations contained in Exhibit 1 of MERC’s base cost of gas petition.

3. PUC Staff

Staff agrees with the Department's conclusions regarding MERC's proposed tariff sheets. However, staff notes that if MERC files an updated base cost of gas petition (Docket No. 17-564) and in the general rate case (Docket No. 17-563), the base cost of gas factors reflected on MERC's tariff sheets could require revision.

E. Update the Base Cost of Gas Petition

1. MERC

MERC agreed to update its base cost of gas calculation for significant changes in NYMEX pricing, if the Commission finds it necessary.¹⁶ MERC would prefer a single update, before submitting its surrebuttal testimony.

2. Department

The Department recommended that MERC provide updated cost of gas information in this petition (Docket No. 17-564) and in its companion general rate case (Docket No. 17-563). The updated base cost of gas should be the same in both dockets, pursuant to Minn. R. pt. 7825.2700, subp. 2. The Commission should require MERC to work with the Department and Commission staff to determine the appropriate timing for providing this information and whether the update(s) to the information should be applied to MERC's base cost of gas petition (Docket No. 17-564) and its accompanying general rate case (Docket No. 17-563). The Department noted the other cost impacts that occur when MERC updates its base cost of gas costs, such as storage balances, uncollectible accounts, and the lead/lag study calculation.¹⁷

The Department further recommended that MERC be required by the Commission to file, in a red-line format, any and all of the affected testimony, schedules, work papers, and informational requirements that are impacted as a result of changes to its cost of gas. In addition, MERC should provide the citation(s) and references to these associated changes as reflected in its general rate case (Docket 17-563) in its BCOG Update (Docket No. 17-564) write-up.

The Department concluded that MERC's base cost of gas petition should be approved by the Commission.

3. MERC Reply Comments

MERC agreed to provide base cost of gas updates consistent with previous general rate cases, to provide information and a narrative explanation of the cost impacts of the updated base cost of gas on (1) bad debt expense, (2) interest synchronization, and (3) gas storage. However, MERC believes that the Department's request to refile in red-line format all testimony,

¹⁶ See Docket Nos. G-007,011/GR-08-835, G-007,011/GR-10-977, G-011/GR-13-617, and G-011/GR-15-736.

¹⁷ See the Department's Comments, pp. 6-10.

schedules, work papers, and informational requirements would not be reasonable and not appropriate given the minor impact on its proposed rate increase.

Instead, MERC proposes to provide the ratemaking impacts to bad debt expense, interest synchronization, and gas storage attributable to the updated NYMEX pricing in the base cost of gas petition. MERC proposes to reflect these changes in its final compliance filing for Docket No. 17-563. MERC believes that its approach is more reasonable than Department's approach which MERC believes would cause an administrative burden on its resources.

VI. PUC Staff Comment

Staff appreciates the various rounds of comments that the parties have supplied and believes that the majority of the base cost of gas issues have been resolved. Staff believes that MERC's base cost of gas petition meets all requirements of Minn. Stat. and Minn. Rules. The remaining unresolved issues includes the timing of MERC's base cost of gas update, and the reporting requirement that it has to follow.

MERC has already agreed to provide updated base cost of gas information at an agreed upon date. Staff believes that interested parties will have the opportunity to review the updated information and determine if the base cost of gas should be updated in the 17-564 docket's record and carried-over and applied in the 17-563 docket (MERC's general rate case). The 17-563 docket impacts include storage balance costs and lead/lag studies (rate base impacts), and uncollectible accounts (O&M expense impact). The Commission will have to decide whether to require MERC to update all impacted costs when it updates its base cost of gas, and if this would include storage balances, uncollectible accounts, and working capital from the general rate case (Docket No. 17-563).

Further, the Commission will have to decide whether to require MERC to file, in a red-line format, any and all of the affected testimony, schedules, work papers, and informational requirements that are impacted as a result of changes to its cost of gas. In addition, the Commission will have to determine whether MERC should provide the citation(s) and references to these associated changes as reflected in its general rate case (Docket 17-563) in its BCOG Update (Docket No. 17-564) write-up.

VII. Decision Alternatives

1. Approve MERC's interim period base cost of gas petition (Docket No. 17-564); or
2. Do not approve MERC's interim period base cost of gas petition (Docket No. 17-564); or
3. Take no action.

If the Commission decides to approve MERC's interim period base cost of gas, Docket No. 17-564, hold MERC responsible for the following additional recommendations and requests.

4. Direct MERC to work with the Department and Commission Staff to determine the appropriate timing for filing its updated base cost of gas information reflecting changes in the demand cost caused by revised interstate pipeline contracts and changes in commodity costs caused by revised NYMEX gas prices. Provide this updated information in both its updated base cost of gas petition (Docket No. 17-564) and, for informational purposes, in the general rate case (Docket No. 17-563). If the update reflects demand cost different from the demand entitlement levels in Docket Nos. 17-587 and 17-588, provide a detailed explanation describing the differences
5. Direct the Company to work with the Department and Commission Staff to determine whether this updated information should be applied to MERC's base cost of gas in the general rate case.
6. If so directed, require MERC to update its general rate case (Docket No. 17-563) for other cost impacts, such as its storage balances, uncollectible accounts, and the lead/lag study calculations when MERC updates its base cost of gas costs.
7. Require MERC to reconcile its demand costs in its November update in Docket Nos. 17-587 and 17-588 (demand entitlement petitions) to its October 1, 2017 PGA (Docket No. 17-703) and provide an explanation for any changes. Provide this information as a supplement to Docket Nos. 17-587 and 17-588.
8. Do not require MERC to provide updated information about its demand and commodity cost of gas.
9. Require MERC to provide detailed information on the status of the AECO storage contract replacement in its November update in Docket No. 17-587 (demand entitlement petition). Provide this information as a supplement to Docket Nos. 17-587.
10. Require MERC to provide an updated explanation of its plan to use system baseload and spot market quantities to cover the quantities from the AECO storage contract that MERC decided to release for the remaining term of the contract.

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11. If so directed, require MERC to file, in a red-line format, any and all of the affected testimony, schedules, work papers, and informational requirements that are impacted as a result of changes to its base cost of gas. In addition, require MERC to provide the citation(s) and references to these associated changes reflected in its general rate case (Docket 17-563) and in its base cost of gas petition update (Docket 17-564). Further, require MERC to provide the citation(s) and references to these associated changes as reflected in its general rate case (Docket 17-563) in its BCOG Update (Docket No. 17-564); or

 12. If so directed, require MERC to provide the ratemaking impacts to bad debt expense, interest synchronization, and gas storage attributable to the updated NYMEX gas pricing in the base cost of gas petition, but make the changes in its final compliance filing for Docket No. 17-563 as opposed to the Department's approach.