COMMERCE DEPARTMENT

December 21, 2018

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

RE: **Response Comments of the Minnesota Commerce Department, Division of Energy Resources**
Docket Nos. G999/AA-17-493, G022/AA-17-630, G004/AA-17-650, G002/AA-17-657, G008/AA-17-668, G011/AA-17-654, G011/AA-17-655, G011/AA-17-656

Dear Mr. Wolf:

This letter serves as the Response Comments of the Minnesota Commerce Department, Division of Energy Resources (Department) in the following matter:

> Review of the 2016-2017 Annual Automatic Adjustment (AAA) Reports and Natural Gas Utilities' 2016-2017 Purchased Gas Adjustment (PGA) True-Up Filings

On December 4, 2018, the Department filed its Review of the 2016-2017 AAA Reports with the Minnesota Public Utilities Commission (Commission). The Department recommended that the Commission accept the FYE17 annual reports and respective true-ups, that utilities that hedge continue to provide a post-mortem in subsequent AAA filings, and that the Commission allow each utility to implement its true-up as shown in Department attachments to the AAA report.

The Department also requested additional information from Greater Minnesota Gas (GMG) and Minnesota Energy Resources Corporation (MERC).

On December 13, 2018, GMG submitted its Reply Comments, providing the additional information requested by the Department about whether and how the underlying issues that lead to negative lost and unaccounted for gas (LUF) in 2016 have been fully resolved. GMG stated,

> GMG has resolved the underlying factors that resulted in the 2016 negative LUF. Automatic meter reading technology has been installed at all of the poultry operations that GMG serves so that meters can be read remotely without the need to enter a biohazard zone. Any future occurrence of a negative LUF will be either due to the slight fluctuations in the level of

> unbilled sales existing on June 30 each year or new factors that currently do not exist.

The Department appreciates this additional information and is glad to hear that GMG was able to resolve the metering issues to avoid LUF or other metering issues at the poultry farms in the future.

On December 12, 2018, MERC submitted its Reply Comments providing additional information regarding its treatment of gas losses due to damages for each PGA system. MERC stated,

> …MERC notes that in instances where gas losses occur due to damage, MERC bills lost gas charges to the party responsible for damages. Any revenue collected from those third parties are netted against the commodity cost, thereby reducing the overall gas costs for the AAA period. For the 2016-2017 gas year, the following amounts were credited to the commodity costs:

| PGA | $ Amount Credited to Commodity |
|---|---|
| NNG | $9,533.45 |
| Albert Lea | $1,943.67 |
| Consolidated | $2,853.85 |

The Department appreciates the additional information provided by MERC.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst

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