

January 15, 2019

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

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. G-999/CI-17-499

Dear Mr. Wolf:

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides these reply comments in response to comments by other interested parties to the Notice of Comment Period issued by the Minnesota Public Utilities Commission (Commission) in this docket on December 4, 2018.

As discussed in the attached Comments, the Department continues to recommend that the Commission not clarify its September 19, 2018 Order in this docket as requested by Greater Minnesota Gas. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ JOHN KUNDERT  
Financial Analyst

JK/jl  
Attachment



## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G-999/CI-17-499

#### I. INTRODUCTION

On December 4, 2018, the Minnesota Public Utilities Commission (Commission) issued a Notice of Comments (Notice) in its Investigation into Parameters for Competition among Natural Gas Utilities Involving Duplication of Facilities and Use of Promotional Incentives and Other Payments. The section of the Notice relevant to these Comments listed the following two topics as open for comment:

- Does Greater Minnesota Gas, Inc.'s (GMG or Company ) filing constitute a complaint as described in the Commission's September 19, 2018 ORDER ADOPTING STANDARDS GOVERNING COMPETITION AMONG NATURAL GAS UTILITIES (September 19, 2018 Order), in this docket?
- Should the Commission clarify its September 19, 2018 Order as requested by GMG?

The Commission's Notice provided this background regarding GMG's filing:

On November 28, 2018, Greater Minnesota Gas, Inc. (GMG) submitted a letter stating that CenterPoint Energy intends to construct facilities that parallel existing GMG facilities for one mile in the Eagle Lake, Minnesota area. GMG believes CenterPoint energy intends to serve a new customer that could otherwise be served by GMG's existing facilities. GMG requests clarification of the September 19, 2018 Order and whether parallel natural gas main lines in this instance would constitute unnecessary duplication of facilities.

CenterPoint Energy (CenterPoint), GMG, the Minnesota Department of Commerce, Division of Energy Resources (Department) and Xcel Energy (Xcel) filed comments in response to the Commission's notice. The Office of the Attorney General Residential Utilities Division (OAG-RUD) filed a letter in response to the Commission's notice. The Department refers to these five entities collectively as the Parties.

## II. BACKGROUND

Three of the Parties (CenterPoint, GMC and the Department) responded to both of the Commission's questions. The OAG-RUD addressed one of the topics. Xcel did not address either topic.

As to the Commission's first question, no party, not even GMG, concluded that the Commission should classify GMG's communication as a complaint. Table 1 summarizes the Parties' positions.

**Table 1 – Summary of Parties' Positions Regarding Complaint Designation**

<b>Party</b>	<b>Position</b>	<b>Reference</b>
CenterPoint	Request should be considered a request for reconsideration. Request fails to meet requirements for such a request.	Comments at page 2.
Department	Accepted GMG's statement that the letter was not a formal or informal complaint. Did not perform a legal analysis.	Comments at page 1.
GMG	Did not intend that its letter would constitute a complaint, either formal or otherwise.	Comments at page 1.
OAG-RUD	Did not comment.	Not applicable.
Xcel	Did not comment.	Not applicable.

All the Parties except Xcel responded to the Commission's second question. Table 2 summarizes the Parties' positions.

**Table 2 – Summary of Parties’ Positions Regarding the Commission Clarifying its Order**

<b>Party</b>	<b>Position</b>	<b>Reference</b>
CenterPoint	Commission need not clarify its Order. The CenterPoint construction activity GMC cited in its original letter is related to system integrity. Reliability projects of this nature represent “necessary” duplication.	Comments at page 2.
Department	Commission need not clarify its Order. Duplication of facilities for service to new customers is allowed under the Commission’s Order.	Comments at pages 1 and 2.
GMG	Commission should clarify its Order as to the interpretation of the construction of parallel mains.	Comments at page 2.
OAG-RUD	Commission should clarify its Order and prohibit the construction of duplicate facilities to potential customers, not just existing customers. Duplicate facilities increase ratepayer costs.	Letter at pages 1 and 2.
Xcel	Did not comment.	Not applicable.

**III. DEPARTMENT’S ANALYSIS**

We concluded in our comments that the Commission clearly delineated the relationship between competition for new customers and the need to minimize the cost of serving customers. As a result, the Department recommended that the Commission not grant GMC’s request and not clarify its ORDER.

While the Department can appreciate GMG’s desire to have the Commission explicitly resolve this particular question, the Department is not convinced that it is the Commission’s responsibility to provide absolute clarity on all issues contained in its Orders, particularly given the Minnesota statutes do not assign service territories for natural gas utilities. Regulatory risk is an aspect of doing business as a regulated public utility. Unless the risk is financially material, a company may reasonable be expected to bear that risk given the opportunity regulation provides for garnering a return on invested capital.

The Department also appreciates the additional information CenterPoint supplied regarding the duplication of facilities for regulatory purposes near Eagle Lake. The Department is not convinced that CenterPoint's conclusion that these reliability projects represent a necessary duplication of facilities is entirely correct however. Distribution mains provides a joint service of improving reliability and providing additional throughput capacity. CenterPoint did not justify its attempt to classify new facilities as being solely reliability (or load) related. As such, the Department concludes that the Commission's ORDER is sufficient.

OAG-RUD's concern about the unnecessary duplication of facilities is well-founded. However, the OAG-RUD did not reconcile how the Commission can allow for competition while prohibiting the duplication of facilities. As noted in our comments, the Commission successfully addressed this issue at page 7 of its Order. As such, there is no need to revisit this issue.

## **VI. RECOMMENDATIONS**

The Department recommends that the Commission dismiss GMG's request for further clarification regarding the duplication of facilities. Existing language in the Commission's ORDER is sufficient to address GMG's clarification.

/jl

**CERTIFICATE OF SERVICE**

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**MINNESOTA DEPARTMENT OF COMMERCE – REPLY COMMENTS**

Docket Nos. **G999/CI-17-499**

Dated this **15th** day of **January, 2019**.

/s/Linda Chavez

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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	OFF_SL_17-499_Official
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_17-499_Official
Ryan	Barlow	Ryan.Barlow@ag.state.mn.us	Office of the Attorney General-RUD	445 Minnesota Street Bremer Tower, Suite 1400 St. Paul, Minnesota 55101	Electronic Service	Yes	OFF_SL_17-499_Official
David	Blomseth	davidb@communitycoops.com	Community Co-ops of Lake Park	PO Box 329 14583 Hwy 10 W Lake Park, MN 56554	Electronic Service	No	OFF_SL_17-499_Official
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_17-499_Official
Seth	DeMerritt	Seth.DeMerritt@wecenergygroup.com	MERC (Holding)	700 North Adams PO Box 19001 Green Bay, WI 543079001	Electronic Service	No	OFF_SL_17-499_Official
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-499_Official
Randy	Dooley	rdooley@dooleypetro.com	Dooley's Natural Gas LLC	PO Box 100 Murdock, MN 56271	Electronic Service	No	OFF_SL_17-499_Official
Steve	Downer	sdowner@mmua.org	MMUA	3025 Harbor Ln N Ste 400 Plymouth, MN 554475142	Electronic Service	No	OFF_SL_17-499_Official
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_17-499_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Mike	Gorham	mike@nwgas.com	Northwest Gas of Cass County L.L.C.	1608 NW 4th St Grand Rapids, MN 55744	Electronic Service	No	OFF_SL_17-499_Official
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St Bismarck, ND 58501	Electronic Service	No	OFF_SL_17-499_Official
Jack	Kegel	jkegel@mmua.org	MMUA	3025 Harbor Lane N Suite 400 Plymouth, MN 55447-5142	Electronic Service	No	OFF_SL_17-499_Official
Allen	Krug	allen.krug@xcelenergy.com	Xcel Energy	414 Nicollet Mall-7th fl Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-499_Official
Amy	Liberkowski	amy.a.liberkowski@xcelenergy.com	Xcel Energy	414 Nicollet Mall 7th Floor Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_17-499_Official
Douglas	Lund	doug.lund@ufcmn.com	United Natural Gas, LLC	705 E. 4th Street PO Box 461 Winthrop, MN 55396	Electronic Service	No	OFF_SL_17-499_Official
Brian	Meloy	brian.meloy@stinson.com	Stinson, Leonard, Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_17-499_Official
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_17-499_Official
Catherine	Phillips	catherine.phillips@we-energies.com	We Energies	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_17-499_Official
Amanda	Rome	amanda.rome@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-499_Official



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Rachel	Sorrentino	rachel@nwgas.com	Northwest Gas	1608 NW 4th St  Grand Rapids, MN 55744	Electronic Service	No	OFF_SL_17-499_Official
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-499_Official
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-499_Official
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_17-499_Official
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_17-499_Official
Tim	Thompson	tthompson@lrec.coop	Lake Region Electric Cooperative	PO Box 643 1401 South Broadway Pelican Rapids, MN 56572	Electronic Service	No	OFF_SL_17-499_Official
Teresa	Wenninger	teresa.wenninger@ufcmn.com	United Farmers Cooperative	PO Box 461  Winthrop, MN 55396	Electronic Service	No	OFF_SL_17-499_Official
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_17-499_Official
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	No	OFF_SL_17-499_Official