

Staff Briefing Papers Volume V: Rate Design

Meeting Date October 9, 2025

Agenda Item 2***

Company Greater Minnesota Gas, Inc.

Docket No. G-022/GR-24-350

**In the Matter of the Application by Greater Minnesota Gas for Authority to
Increase Rates for Gas Service in the state of Minnesota**

Issues Should the Commission adopt the ALJ's recommendations on rate design?

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✓ **Relevant Documents**

Date

Relevant documents are listed on the cover page of Vol. I of the briefing papers.

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I. Introduction

Rate Design is the second step of a two-step rate making process. The purpose of rate design is to assign revenue responsibilities to customer classes. Once the appropriate revenue level, or revenue requirement is determined, the Commission must determine the rates used for charging the utility's customers for service. In setting rates, rates must be just and reasonable¹ and an important aspect of reasonable rates is their design. It should be noted also that rate design is largely a quasi-legislative function, involving policy decisions. A key purpose of rate design is to determine which customer classes should pay the costs that are reflected in the revenue deficiency and what kinds of rates should be used to recover those costs.

Minnesota statutes state that the utility has the burden of proof in establishing whether any requested rate change is just and reasonable. Minnesota statute also requires that the requested rates must encourage energy conservation. If any doubt exists in determining the reasonableness of a rate, the issue must be resolved in the customer's favor. In addition, Minnesota law prohibits public utilities from charging unreasonably discriminatory rates. Similarly, a public utility shall not, as to rates or service, make or grant any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage. The Commission is also required to consider the ability to pay as a factor when setting public utility rates.²

The relevant provisions guiding the Commission's establishment of utility customer rates are set forth in Minn. Stat. §§ 216B.03 and 216B.07. Section 216B.03 states:

Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable, and consistent in application to a class of consumers. To the maximum reasonable extent, the commission shall set rates to encourage energy conservation and renewable energy use and to further the goals of sections 216b.164, 216b.241, and 216c.05. Any doubt as to reasonableness should be resolved in favor of the consumer. For rate-making purposes a public utility may treat two or more municipalities served by it as a single class wherever the populations are comparable in size or the conditions of service are similar.

¹ Minn. Stat. §§ 216B.03, 216B.07 and 216B.16, subd. 4.

² Minn. Stat. § 216B.03.

Similarly, § 216B.07 provides:

No public utility shall, as to rates or service, make or grant any unreasonable preference or advantage to any person or subject any person to any *unreasonable prejudice or disadvantage*.

In addition to these statutory guidelines for setting rates, the commission uses its quasi-legislative authority to establish rates for different customer classes by balancing both cost and non-cost factors and making choices among public policy alternatives. There are four general areas of competing cost and non-cost factors (or rate design goals) that the Commission historically considers in making its decisions. They are:

Equity goals

Equity goals require rates to be just and reasonable, (i.e., fair to all groups of customers, and that customers pay their “fair share” of common costs, and that the rates be subsidy free.) There is often nothing inherently wrong with subsidies per se from a public policy standpoint as long as they are not unduly or unreasonably preferential; unduly, or unreasonably prejudicial; or unduly, or unreasonably discriminatory. Subsidies often exist to fulfill administrative and social goals. Some of the factors that fall under the area of equity goals are:

- Avoidance of undue discrimination;
- Avoidance of cross-subsidies.

Economic efficiency goals

Efficiency goals require that rates give correct price signals to consumers and to the utility. This promotes the efficient use of resources and efficient planning by the utility. One of the most common arguments heard in a rate case, including this one is the principle of “cost causation” whereby the individual or group which causes the cost to be incurred should pay for those costs. Presumably, more efficient pricing will help consumers make more efficient decisions about energy consumption and will help the utility make more economically efficient decisions about how it uses its resources. Some factors that fall under the rubric of economic efficiency are:

- Marginal costs;
- Fixed charges;
- Incentives for efficient use of service;
- Customer’s ability to bypass the utility.

Social goals

Social goals require that rates promote conservation, economic development and full employment, and environmental protection. In Minnesota, state law encourages the promotion of energy conservation, and the consideration of the ability to pay, in the setting of rates. State law also permits the Commission to allow utilities to recover reasonable amounts of economic and community development expenses. Some factors that fall under the umbrella of social goals are:

- Encouragement of energy conservation;
- Impact on low-income customers;
- Impact on customers with special medical needs;
- Recovery of reasonable amount of economic development expenses.

Operational goals

Operational goals require rates that allow the utility to collect its reasonable costs, be relatively stable from period to period so as to avoid rate shock, promote revenue stability for the utility, and be understandable and administratively feasible. The dispute over operational goals primarily revolves around whether the proposed class revenue apportionments, and the proposed increase in the monthly customer charges, will be understandable and accepted by customers, sufficiently gradual so as not to destabilize the utility's rates or cause rate shock, and does not over emphasize the promotion of revenue stability for the utility. Some factors that could be considered operational goals are:

- The utility's ability to collect its reasonable costs;
- Promotion of revenue stability for the utility
- Rate stability for customers;
- Continuity with prior rates, in order to avoid rate shock or rate destabilization.
- Ease of understanding and administration.

Overall, the commission has considerable authority to exercise its judgment, provided the final rates are "just and reasonable" and not "unreasonably preferential, unreasonably prejudicial, or discriminatory."³

³ Minn. Stat. § 216A.05 Commission Functions and Powers.

II. Discussion

A. Revenue Apportionment

1. Introduction

Once the issue of establishing the appropriate revenue requirement has been accomplished, the question moves to who pays what proportion of the Company's revenue requirement. If one views apportioning responsibility for the Company's revenue requirement to the customer classes as analogous to slicing a pie; implementing revenue apportionment determines how the pie is sliced not the size of the overall pie. The purpose of rate design is to determine which customer classes are responsible for revenue requirements and rates to be used to recover those costs.

2. Case Record

ALJ Report ¶¶ 325-339

Ex. GMG-103 at 31-33 (Burke Direct)

Ex. GMG-104 at E-1 1-4 (Volume 3)

Ex. GMG- 109 at 26-32 (Burke Rebuttal)

Ex. DOC-210 at 9-22 (Hirasuna Direct)

Ex. DOC-211 at 4-6 (Hirasuna Rebuttal)

Ex. DOC-212 at 5-10 (Hirasuna Surrebuttal)

Department ALJ Exceptions at 25-28

Ex. OAG-303 at 65-81 (Stevenson Direct)

Ex. OAG-304 at 6-12 (Stevenson Rebuttal)

Ex. OAG-305 at 18-21 (Stevenson Surrebuttal)

OAG ALJ Exceptions at 53-62

3. Party Positions

Greater Minnesota Gas (GMG or the Company) proposed continuation of its Commission approved revenue apportionment from its 2009 rate case, which would result approximately equal percent increases for all customer classes except the agriculture interruptible class. The revenue allocation GMG proposed was not purely cost-based allocation, as cost of service serves as a guideline rather than the main determinant. GMG argued that it used the earlier approved revenue apportionment to prevent rate shock. Although GMG updated its class cost of service study (CCOSS) in rebuttal testimony it continued to recommend the revenue apportionment from its initial filing. GMG argued that it sought to balance alignment with cost of service, current class contribution to revenue and public policy interests, as maintaining affordable service for residential customers.

GMG listed the following key objectives:

- Establishing fair and equitable rates reflective of cost of service.

- Avoiding undue discrimination among and within customer classes.
- Providing stable, understandable rates that allow for customer choice were warranted by customer class.
- Promoting energy efficiency and conservation.
- Encouraging economically efficient pricing for natural gas service.
- Ensuring the Company can recover its full revenue requirement in a stable manner that avoids significant over- or under-collections.

The OAG proposed revenue apportionment that would increase Commercial class from 6.8 percent to 11.0 percent and reduce Residential class from 7.7 percent to 6.4 percent. Making the argument that the counties GMG serves have lower income than the state average. The OAG acknowledged that 11.0 percent rate increase could cause rate shock. The OAG rejected GMG's proposed revenue apportionment and based their apportionment on Basic Customer and Average CCOSs. Both suggested the highest increases for Large Industrial, Commercial, and Interruptible Agriculture, which is reflected in Table 501. Interruptible Agriculture higher increases result because discounts for interruptible service were disproportionate to the capacity benefit, they provide.

Table 501: Proposed Apportionment on Average Bills of GMG vs OAG⁴

Customer Class	Average Monthly Bill at Proposed Rates GMG	Average Monthly Bill at Proposed Rates OAG	% Changed GMG	% Changed OAG
Residential	\$86.18	\$85.15	7.7%	6.4%
Small Commercial	\$120.73	\$120.23	7.4%	7.0%
Commercial	\$719.76	\$748.17	6.8%	11.0%
Industrial-MS1	\$1,675.82	\$1,737.13	6.6%	10.5%
Industrial-LS1	\$4,285.79	\$4,419.24	5.7%	9.0%
Interruptible-IND1	\$8,701.67	\$8,907.71	6.0%	8.5%
Interruptible-AG1	\$908.53	\$923.89	9.5%	11.3%

GMG disagreed with the OAG on their revenue apportionment, the Company argued that the Interruptible Agriculture needs the discount, or they could possibly switch to other energy fuels. Both the OAG and the Department disagreed with GMG noting that other energy fuels would be at a higher cost.

The Department agreed that GMG's proposed apportionment moves classes toward cost but not far enough compared to the Department's CCOS. The Department proposed revenue apportionment changed the Residential increase from 7.7 percent to 2.1 percent.

⁴ Ex. OAG-305 at 19, Ex. GMG-104 E-1 at 1.

The Department's key objectives:

- Bring underpaying classes closer to cost by raising allocation.
- Keep classes already within cost ranges at current shares.
- Avoid worsening burdens for classes already above cost.
- Redistribute surplus proportionately across all classes, reducing rate shock.

Table 502 shows the Department and OAG percentage of total revenue by class compared to GMG's percentage of total revenue by class initially proposed and with transportation included.

Table 502: Revenue Apportionment Department vs GMG & OAG in Percentage⁵

Customer Class	Department Revenue Apportionment (Surrebuttal)	OAG Revenue Apportionment (Surrebuttal)	GMG Revenue Apportionment With Transportation	GMG Initially Proposed Revenue Apportionment	GMG Percentage Changed
Residential	51.0%	53.2%	53.8%	53.8%	0.0%
Small Commercial	6.3%	6.9%	6.9%	6.9%	0.0%
Commercial	2.8%	2.5%	2.4%	2.5%	-0.1%
Industrial-MS1	2.9%	2.7%	2.6%	3.0%	-0.4%
Industrial-LS1	27.3%	18.1%	17.6%	24.4%	-6.8%
Interruptible-IND1	4.0%	3.2%	3.1%	3.8%	-0.7%
Interruptible-AG1	5.7%	4.9%	4.8%	5.2%	-0.4%
Transportation		8.5%			
Total	100.0%	100.0%	91.2%	99.6%	-8.4%

4. ALJ Report

The ALJ agreed with GMG that the existing revenue apportionment is reasonable and that its proposed uniform rate increase across all customer classes is appropriate. The ALJ reasoned that the Department and OAG's proposed revenue apportionment proposals would incentivize GMG's business customers to bypass GMG system which would cause the rate design benefits claimed by the Department and OAG to be lost.⁶

The ALJ made the following Findings:

338. The Administrative Law Judge finds that the existing revenue apportionment is reasonable. Carrying forward the existing revenue apportionment results in avoiding a still-larger rate increases imposed upon family-owned farms and any class of customer being specially disadvantaged.

⁵Ex. DOC-212 at 8; Ex. OAG-305 at 19.

⁶ ALJ Report ¶¶ 335-336.

339. The Administrative Law Judge also finds that the hearing record does not support a finding that GMG's customers, in particular, are now experiencing energy burden.

5. Exceptions

a. GMG

GMG did not file exceptions on this issue.

b. Department

The Department argued the ALJ erred in its recommendation because the CCOSS GMG used was reversed-engineered to support desired revenue apportionment, which could lead to rate shock for Residential ratepayers. The Department proposed revenue apportionment moves each class closer to cost of service, reduces rate shock for Residential class, and is based on a simple, replicable method.

The Department recommended the following adjustments be made to the ALJ Report.

327. GMG seeks to retain the same revenue apportionment that was agreed to by the parties and approved by the Commission in GMG's last rate case fifteen years ago.

~~328. GMG proposed roughly equal percentage of margin increases over existing rates across all classes. This allocation balances allocating the cost of service established in GMG's CCOSS, with each class's contribution to GMG's revenue levels. It also reflects important customer impact considerations; such as avoiding rate shock and ensuring residential customers have affordable access to natural gas service. GMG asserts that changes to its revenue apportionment between classes would be unnecessary, despite seeing significant changes in size and customer base in the last 15 years. GMG stated that since its last rate case was filed in 2009, the Company has "tripled its number of customers, doubled the number of employees, and increased its net utility plant by approximately \$35 million."~~

328a. It is unreasonable to assume the same rate design remains appropriate despite the Company's economic profile changing substantially.

~~330. The Department's proposed revenue apportionment reduces the increase in revenue apportioned to the Residential class from 7.7 percent to 2.1 percent.~~ reduced the revenue apportionment in the residential customer class by 2.8 percentage points relative to GMG's revenue apportionment.

332. OAG witness Stevenson contended that GMG's customers may be experiencing energy burden because GMG's service area includes counties with average annual incomes lower than the State average. ~~At the evidentiary hearing, Stevenson acknowledged that he did not evaluate intra-county income trends or where within each county GMG's customers took service.~~

~~333. GMG argued that its 11,000 customers are a fraction of each county's population, as the counties Stevenson evaluated in his energy burden assessment have a collective population of over 456,000.~~

335. GMG argued that ~~T~~ there is a real risk that if either the Department's or OAG's recommendations were implemented, they would incentivize GMG's business customers to bypass the GMG system by converting to an alternative fuel source, such as propane, or receive service from another provider. Unlike GMG's arguments that its customers save considerable money by using GMG's natural gas service rather than alternative fuels—which it supported with facts—GMG did not provide any objective information comparing the Department's proposed increase for its industrial and transportation classes to their costs for alternate fuels.

~~336. If significant migration away from GMG's system were to occur, the rate design benefits claimed by the Department and OAG would be lost. Out migration from the GMG system would place additional cost responsibilities on the Residential and Small Commercial customers.~~

~~337. Stevenson acknowledged at the evidentiary hearing that "ideally no one would get a 12, 13, 14 percent rate increase" and "that an 11 percent rate increase for that class could cause rate shock" Yet, he did not change his recommendation; a change would require apportioning at least some of those amounts to other rate classes.~~

338. The Administrative Law Judge finds that the existing revenue apportionment is not reasonable. Carrying forward the existing revenue apportionment results in avoiding a still-larger rate increases imposed upon family-owned farms and any class of customer being specially disadvantaged. The Department's allocation moves each customer class closer to its cost of service while moderating changes to limit rate shock and is therefore adopted.

~~339. The Administrative Law Judge also finds that the hearing record does not support a finding that GMG's customers, in particular, are now experiencing energy burden.~~

c. OAG

The OAG argued GMG's Residential class will suffer rate shock and energy burden when compared to other classes. OAG recommends their proposed revenue apportionment to minimize risk to Residential ratepayers.

The OAG recommended the following adjustments be made to the ALJ Report.

328. GMG proposed roughly equal percentage-of-margin increases over existing rates across all classes. GMG decided to use ~~this allocation balances allocating and then checked it against~~ the cost of service established in GMG's CCOS, with each class's contribution to GMG's revenue levels. It also argued that it reflects important customer impact considerations, such as avoiding rate shock and ensuring residential customers have affordable access to natural gas—

service.

331. The OAG's proposed revenue apportionment assigns ~~an 11~~ a 7 percent increase to the Small Commercial class and reduces the increase in revenue apportioned to the Residential class from 7.7 percent to 6.4 percent.

332. ~~OAG witness Stevenson contended that~~ GMG's residential customers may be experiencing a high energy burden because GMG's rates are higher than those for other utilities and its service area includes counties with average annual incomes lower than the State average.³⁵⁹ ~~At the evidentiary hearing, Stevenson acknowledged that he did not evaluate intra-county income trends or where within each county GMG's customers took service. Additionally,~~ although there is funding available to assist low-income residential customers, funding is insufficient – only 23 percent of eligible households actually received assistance in 2023. Measures of financial hardship specific to Greater Minnesota Gas's residential customers grew worse in 2024, with average past due balances, total late fees collected, and reconnection fees collected rising higher than in any of the previous 5 years. The OAG expressed particular concern that they rose so high in 2024 despite 2024 having warmer winter temperatures than 2023.

333. GMG argued that its 11,000 customers are a fraction of each county's population, as the counties Stevenson evaluated in his energy burden assessment have a collective population of over 456,000. GMG provided no evidence regarding the level of energy burden experienced by its customers or their incomes.

334. GMG argued that the Department's and OAG's approach places disproportionate financial burdens on family-owned farms and small businesses; many of which are operating on very thin margins. These customers, GMG contends, are just as susceptible to rate shock as Residential or Small Commercial customers. However, the businesses have an ability to pass on increased costs that residential customers do not have. Additionally, the OAG's proposed agricultural rate increase is the same as GMG's, and the OAG's proposed small commercial customer rate increase is lower than GMG's.

335. There is not a real significant risk that if either the Department's or OAG's recommendations were implemented, they would incentivize GMG's business customers to bypass the GMG system by converting to an alternative fuel source, such as propane, or receive service from another provider. GMG demonstrated that propane is significantly more expensive than natural gas and is likely to remain so. Additionally, GMG demonstrated that it serves customers who other natural gas providers would not extend service to. There is little cause for concern that GMG's business customers would migrate to a more expensive fuel and there are not other providers for them to take gas service from.

336. ~~If significant migration away from GMG's system were to occur, the rate design benefits claimed by the Department and OAG would be lost. Out migration from the GMG system would place additional cost responsibilities on the Residential and Small Commercial customers.~~

~~337. Stevenson acknowledged at the evidentiary hearing that “ideally no one would get a 12, 13, 14 percent rate increase” and “that an 11 percent rate increase for that class could cause rate shock” Yet, he did not change his recommendation; a change would require apportioning at least some of those amounts to other rate classes.~~

~~338. The Administrative Law Judge finds that The existing OAG’s proposed revenue apportionment is reasonable. Residential and small commercial customers should receive a lower increase than other classes due to their inability to pass on costs, the likelihood that they have a high energy burden, and the low availability of energy assistance. Additionally, the OAG’s proposed increase for larger business customers is not significantly higher than GMG’s proposed revenue apportionment and will be just and reasonable. Carrying forward the existing revenue apportionment results in avoiding a still larger rate increases imposed upon family-owned farms and any class of customer being specially disadvantaged.~~

~~339. The Administrative Law Judge also finds that the hearing record does not support a finding that GMG’s customers, in particular, are now experiencing energy burden.~~

OAG and The Department both disagreed with the Company that changing apportionment would encourage large industrial customer to find alternative energy sources.

6. Decision Options

501. Adopt the revenue apportionment proposed by GMG which increases all classes’ base rate increases by close to the same percent. [GMG, ALJ]

Or,

502. Adopt the revenue apportionment proposed by Department, which lowers the Residential class base rate increase to 2.8 percent and increases the Commercial class to 2.7 percent. [Department]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the Department:]

- a. Replace ALJ Findings 327, 328, 330, 332, 335, and 328 with Department’s proposed language.
- b. Adopt the Department’s proposed Finding 328a
- c. Reject ALJ Findings 333, 336, and 337.

503. Adopt the revenue apportionment proposed by OAG, which lowers the Residential class base rate increase to 6.4 percent and increases the Commercial class base rate increase to 11.0 percent. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- a. Replace ALJ Findings 328, 331-335, and 338 with OAG's proposed language.
- b. Reject ALJ Findings 336, 337, and 339.

B. Facility Fees

1. Introduction

A fixed customer charge partially covers the cost of services provided every month, regardless of how much gas a customer uses. These fixed costs include maintenance of gas service lines and regulators and meters; meter reading; billing; maintaining facilities; taxes; vehicles and equipment.

2. Case Record

ALJ Report ¶¶ 340-346

Ex. GMG-103 at 5-6, 12 (Burke Direct)

Ex. GMG-109 at 27-28 (Burke Rebuttal)

Ex. DOC-210 at 23-29 (Hirasuna Direct)

Ex. DOC-212 at 10 (Hirasuna Surrebuttal)

Ex. OAG-303 at 82-88 (Stevenson Direct)

Ex. OAG-305 at 21-27 (Stevenson Surrebuttal)

OAG Exceptions at 63-65

3. Party Positions

GMG proposed to increase its facility fees approximately 15 percent for all classes to move each class closer to its cost-of-service, as fixed costs have increased in the 15 years since their last rate case.⁷ Table 502 shows GMG's requested Facility Fee change.

⁷ Ex. GMG-103 at 5 (Burke Direct).

Table 503: Facility Fees Proposed Change⁸

Customer Class	Existing Facility Fee	Proposed Interim Test Year Facility Fee	Test Year Facility Fee Change (%)
Residential	\$8.50	\$9.75	14.7%
Small Commercial	\$10.00	\$11.50	15.0%
Commercial	\$40.00	\$45.00	12.5%
Industrial-MS1	\$100.00	\$115.00	15.0%
Industrial-LS1	\$200.00	\$230.00	15.0%
Interruptible-IND1	\$275.00	\$300.00	9.1%
Interruptible-AG1	\$20.00	\$23.00	15.0%

The Department and OAG did not oppose the increase to facility fees.⁹ However, the OAG noted that if the Commission authorized a lower revenue requirement than GMG requested, GMG should reduce its proposed facility fee before reducing the distribution charge.¹⁰ OAG argues that with lower revenue requirement the fees should be cut before volumetric because that will encourage conservation.

4. ALJ Report

The ALJ determined that GMG's proposed facility fee represented a moderate move toward cost-of-service pricing and recommended that the Commission approve the proposed charges.

The ALJ made the following Findings:

342. The Department and the OAG generally do not oppose GMG's rate design as it relates to distribution charges and facility fees.

343. OAG witness Stevenson noted that, with respect to Residential customers, each customer imposes between \$11.55 and \$14.93 in customer-related costs per month, supporting GMG's proposed Residential facility fee of \$9.75.

344. Stevenson confirmed that GMG's proposed facility fee is reasonable.

⁸ *Id.*

⁹ Ex. DOC-210 at 22-25 (Hirasuna Direct); Ex. DOC-212 at 10 (Hirasuna Surrebuttal); Ex. OAG-303 at 88 (Stevenson Direct); Ex. OAG-305 at 22 (Stevenson Surrebuttal).

¹⁰ Ex. OAG-303 at 88.

345. Stevenson also recommended that if the Commission authorizes a lower revenue requirement, that GMG should first reduce its facility fee before reducing the distribution charge.

346. The Administrative Law Judge disagrees on this last point. The facility fee is already lower than each customer's actual customer-related costs; such that carrying forward the same sized cross-subsidy is inappropriate if a lower revenue requirement is approved. Even with a lower revenue requirement, a facility fee of \$9.75 per month represents a moderate move toward cost-of-service pricing.

5. Exceptions

a. GMG

GMG did not file exceptions on this issue.

b. Department

The Department did not file exceptions on this issue.

c. OAG

The OAG reiterated that if revenue requirement is reduced the fees should be reduced before volumetric rates. The OAG has concerns about the data GMG provided in support of GMG's proposed Facility Fee increases. OAG is concerned that there was no mention of how increasing fees have an adverse effect on conservation. Increasing facility fee is sound under cost-causation principles and if revenue requirement is reduced the Commission should encourage conservation and make facility fees lower.

The OAG recommended the following adjustments be made to the ALJ Report.

340. GMG proposed increasing all facility fees and distribution charges for all rate classes by approximately the same percentage rate.

341. GMG proposed to increase facility fees by approximately 15 percent for all classes. GMG ~~maintains~~ argued that its proposal moves each class closer to its cost-of-service and addresses the substantial increase in the fixed costs necessary to provide service to GMG's customers — such as materials, supplies, labor, technology, and administrative costs — in the 15 years since GMG's last rate case.

~~342. The Department and the OAG generally do not oppose GMG's rate design as it relates to distribution charges and facility fees.~~

343. OAG witness Stevenson ~~noted that~~ performed calculations to determine, with respect to Residential customers, how much each customer imposes in customer-related costs each

month. He noted that he was not certain of the accuracy of his calculations because of the low quality of GMG's data, but it appears that residential customers may cause between \$11.55 and \$14.93 in customer-related costs per month, supporting GMG's proposed Residential facility fee of \$9.75.

344. Stevenson ~~confirmed~~ agreed that GMG's proposed facility fee is reasonable from a cost-causation perspective. However, he noted that Minnesota law requires that "to the maximum reasonable extent, the Commission shall set rates to encourage energy conservation," and that a higher facility fee means a lower distribution charge, which discourages energy conservation.

345. Stevenson ~~also~~ therefore recommended that if the Commission authorizes a lower revenue requirement, that GMG should first reduce the increase to its facility fee before reducing the increase to its distribution charge in order to encourage conservation.

346. The Administrative Law Judge disagreed d on this last point, arguing that the facility fee is already may be lower than each customer's actual customer-related costs; ~~such that carrying forward the same sized cross-subsidy is inappropriate if a lower revenue requirement is approved. Even with a lower revenue requirement, a facility fee of \$9.75 per month represents a moderate move toward cost-of-service pricing.~~ However, cost causation is not the only factor the Commission is required to consider in setting just and reasonable rates.

6. Decision Options

- 504. Adopt GMG's proposal to increase the Facility Fees for all classes by approximately 15 percent. [GMG, Department, OAG, ALJ]
- 505. Adopt OAG's proposal to apply any reduction in the overall revenue requirement toward reducing the Facility Fee increase before reducing the proposed distribution charge increase. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- a. Replace ALJ Findings 340, 341, and 343-345 with the OAG's proposed language.
- b. Reject ALJ Findings 342.

C. Reconnection Fees

1. Introduction

A reconnection fee is a charge from a company for restoring utility service that was disconnected. This fee covers the costs and administrative work involved in reactivating the service, such as reprogramming equipment or processing the restoration. GMG currently

charges a \$75 reconnection fee to restore service should it need to perform a disconnection.¹¹ The OAG proposed reducing the reconnection fee from \$75 to \$50.

2. Case Record

ALJ Report ¶¶ 347-356
 Ex. GMG-109 at 32-34 (Burke Rebuttal)
 Ex. OAG-303 at 68-73 (Stevenson Direct)
 Ex. OAG-305 at 22-25 (Stevenson Surrebuttal)
 GMG Brief at 67-68
 GMG Reply Brief at 39
 OAG Brief at 42-44
 OAG Exceptions at 66-69.

3. Party Positions

OAG argued that GMG's \$75 reconnection fee is too high especially when compared to other natural gas utilities in Minnesota, the OAG noted that CenterPoint Energy and Xcel Energy charge reconnection fees of \$28 and \$22.50, respectively.¹² The OAG acknowledged that it may be more expensive for GMG to reconnect customers due to its more dispersed service area however, the OAG recommended the Commission order GMG to reduce its reconnection fee from \$75 to \$28.¹³

In response, GMG argued that it has very little disconnections and reconnections resulting from non-payment, which is when a reconnection fee is charged. GMG stated that its Customer Service team reaches out to a customer multiple times before disconnecting a customer. In addition, GMG provided data showing that its cost for restoring service is \$87.67 per reconnect.¹⁴ The Company noted it works with customers on payment plans and listed several ways they warn customers of possible disconnect before any action is taken.

In response to GMG's rebuttal testimony, the OAG agreed that a higher reconnection fee for GMG, relative to CenterPoint Energy and Xcel Energy, is reasonable. As a result, the OAG modified its reconnection fee proposal lower to \$50 with the additional requirement that customers be allowed to pay that fee over the course of two months, with \$30 being due in the first month and \$20 in the second.¹⁵

However, should the Commission decide to allow GMG to keep the \$75 reconnection fee the

¹¹ GMG Tariff Section VI.1.2B.

¹² Ex. OAG-303 at 72 (Stevenson Direct).

¹³ Ex. OAG-3030 at 73 (Stevenson Direct).

¹⁴ Ex. GMG-109 at 32-34.

¹⁵ Ex. OAG-305 at 23-24 (Stevenson Surrebuttal).

OAG recommended that the Commission allow GMG's customers to pay the fee over the course of three months with \$30 being due in the first month, \$25 in the second and \$20 in the third. That way a customer will not have an upfront payment that is greater than \$30.

4. ALJ Report

The ALJ found GMG's existing reconnection fee reasonable and supported by the record.¹⁶ Additionally, the ALJ recommended denial of the OAG's alternative recommendation to allow customers to pay the \$75 reconnection fee over a period of three months.¹⁷

The ALJ made the following Proposed Findings:

347. Additionally, the OAG does not agree with GMG's current reconnection fee of \$75 and argued that it should be reduced to \$50 and split over multiple months.

348. GMG argued that it takes significant efforts to avoid disconnecting its customers in the first instance, and GMG has very few disconnections and reconnections resulting from non-payment.

349. Prior to a disconnection, GMG's Customer Service team attempts to contact the customer numerous times by mail, personal phone calls, and technician visits the location where the customer is taking service to place a pending disconnection notice on the customer's door known as a "door hanger."

350. GMG also works with its customers to keep their gas service connected by allowing uniquely crafted payment arrangements. It assists customers in obtaining financial help, such as helping them find energy assistance, enrolling them in GMG's Gas Affordability Program, or setting up a payment plan with GMG.

351. As a result of these efforts, GMG only assessed 85 reconnection charges across all customer classes during 2024.

352. GMG explained that when it must perform a disconnection, it charges a \$75 reconnection fee to restore service.

353. GMG showed that the reconnection fee is reasonable considering that the average cost of reconnecting GMG's customers is \$87.67 per reconnection. This cost reflects GMG's service area and geographic dispersion

¹⁶ ALJ Report ¶ 355.

¹⁷ ALJ Report ¶ 356.

of its customer base. A skilled technician spends an average of about 90 minutes of work to perform a reconnection.

354. GMG's higher reconnection costs make comparisons to the reconnection fees of CenterPoint Energy or Xcel Energy inapplicable. These large utilities have considerably different customer bases that are geographically consolidated primarily in metropolitan areas. Technicians for those utilities performing reconnections incur much less travel time.

355. The Administrative Law Judge finds that GMG's reconnection fee of \$75 is reasonable and supported by the record.

356. The OAG additionally recommended that if the reconnection fee remains \$75, the Commission should require GMG to allow its customers to pay the reconnection fee over the course of three months, with \$30 due the first month, \$25 due the second month, and \$20 due the third month so that a disconnected customer does not have an upfront surcharge of more than \$30. While the Administrative Law Judge appreciates the OAG's intent, charging customers for reconnection costs across three separate billing cycles could cause customer confusion and concerns about duplicative billing. The Administrative Law Judge recommends rejecting the OAG's proposal.

5. Exceptions

a. GMG

GMG did not file exceptions on this issue.

b. OAG

The OAG argued the ALJ erred when it declined to recommend either of the OAG's reconnection fee options. The OAG brought forth two arguments. First, as long as a customer is disconnected, they are not paying for gas, meaning GMG is missing out on that revenue. Reconnecting a customer thus can pay for itself over time through a reconnected customer's distribution fee. As a result, maintaining a prohibitively high reconnection fee actually cuts against the ALJ's argument that reducing the fee would deviate from cost-based principles, as a disconnected customer is not paying for any of the already-incurred distribution costs.

Second, a reconnection fee should not be entirely cost-based. GMG's residential customers rely on it to heat their homes, which they likely cannot do with alternative fuels anymore after connecting to GMG's system. When customers have been disconnected for nonpayment, they likely face economic hardship that makes \$75 too great a barrier to this basic need. The reconnection fee should be set at a level that is not prohibitively expensive for customers in these circumstances.

Alternatively, the OAG disputed the ALJ's reasoning for denial of the OAG's alternate proposal

of allowing customers to pay the reconnection fee in installments of \$30 the first month, \$25 the second month, and \$20 the third month should GMG continue with its current reconnection fee. The ALJ stated that charging customers for reconnection costs across three separate billing cycles could cause customer confusion and concerns about duplicative billing. The OAG noted that the ALJ failed to provide any citation its recommendation or explain what the ALJ meant by “duplicative billing”.¹⁸

The OAG recommended the following adjustments be made to the ALJ Report.

351. ~~As a result of these efforts, GMG only assessed 85 reconnection charges across all customer classes during 2024.~~ However, the fact that GMG undertakes efforts to prevent a disconnection, many of which it is required to do just like every other utility, does not change the high barrier to reconnection presented by its \$75 reconnection fee.

353. GMG ~~showed that the reconnection fee is reasonable considering~~ presented evidence that the average cost of reconnecting GMG’s customers is \$87.67 per reconnection. This cost reflects GMG’s service area and geographic dispersion of its customer base. A skilled technician spends an average of about 90 minutes of work to perform a reconnection.

354. GMG’s higher reconnection costs ~~make comparisons to the reconnection fees of CenterPoint Energy or Xcel Energy inapplicable.~~ make a higher reconnection fee than those charged by CenterPoint Energy or Xcel Energy reasonable, but do not justify the full \$75. These large utilities have considerably different customer bases that are geographically consolidated primarily in metropolitan areas. Technicians for those utilities performing reconnections incur ~~much~~ less travel time.

355. ~~The Administrative Law Judge finds that GMG’s reconnection fee of \$75 is reasonable and supported by the record.~~ However, it is inappropriate only to consider whether a reconnection fee equals the cost of reconnection. First, a disconnected customer provides no revenues to GMG, whereas a reconnected customer does provide revenues, thus potentially defraying the cost of reconnection and all other costs that are not paid by a disconnected customer. Second, the Commission is required to consider non-cost factors in setting rates, including a customer’s ability to pay. A reconnection fee that is too high presents an unjust burden for customers who cannot afford the upfront cost in order to reconnect to a basic necessity.

356. The OAG recommended that the Commission reduce GMG’s reconnection fee to \$50, paid in an installment of \$30 one month and \$20 the next month. The Commission finds this to be a reasonable reconnection fee that balances GMG’s relatively high cost of reconnection with customers’ access to a basic necessity and their ability to pay the reconnection fee. The OAG additionally recommended that if the reconnection fee remains \$75, the Commission should require GMG to allow its customers to pay the reconnection fee over the course of three months, with \$30 due the first month, \$25 due the second month, and \$20 due the third month

¹⁸ OAG Exceptions at 66-67.

so that a disconnected customer does not have an upfront surcharge of more than \$30. ~~While the The Administrative Law Judge appreciates the OAG's intent~~ opposed this proposal, believing that it could be confusing for customers. , ~~charging customers for reconnection costs across three separate billing cycles could cause customer confusion and concerns about duplicative billing. The Administrative Law Judge recommends rejecting the OAG's proposal. The Commission disagrees with the ALJ, as bills could include information about why the reconnection fee is charged in installments, and the confusion a reconnected customer may experience about their bill is less of a concern than a customer being able to reconnect to an essential service, which is what splitting the reconnection fee into installments enables.~~

357. The Commission will therefore order GMG to reduce its reconnection fee to \$50, paid in an installment of \$30 one month and \$20 the next month.

6. Decision Options

506. Order GMG to reduce its reconnection fee to \$50 and allow customers to pay the fee over a period of two months with \$30 due the first month and \$20 the second month. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- a. Replace ALJ Findings 351, and 353-356 with the OAG's proposed language.
- b. Adopt the OAG's proposed Finding 357.

Or,

507. Maintain the current reconnection fee of \$75, but require GMG to allow customers to pay the \$75 reconnection fee over a three-month period in installments of \$30 the first month, \$25 the second month, and \$20 the third month. [OAG alternative]

Or,

508. Continue to allow GMG to charge its \$75 reconnection fee. [GMG]

D. Interruptible Customer Rates

1. Introduction

The OAG proposed ending interruptible service to seasonal users. The OAG argued that GMG had approximately 90 interruptible customers per year for the last 5 years and at most requested 9 customers to curtail at one time.

2. Case Record

ALJ Report ¶¶ 357-359

Ex. GMG-109 at 29-30 (Burke Rebuttal)

Ex. OAG-303 at 58-65 (Stevenson Direct)

OAG Exceptions at 33-36

3. Party Positions

The OAG raised concern that many interruptible customers are seasonal and do not operate in winter, meaning they often are not using gas when curtailments are called. OAG estimated \$700,000 per year is shifted to other customers to cover interruptible discount. OAG has three main suggestions:

- eliminate seasonal interruptible discounts,
- increase actual curtailment usage,
- reclassify customers, and/or incorporate economic curtailment into procurement strategy.

Table 504 shows the curtailment events and the percent of customers that have curtailed in each event over the last five heating seasons.

Table 504: Curtailment 2019-2024

Date	High Temp	Low Temp	Percentage of interruptible customers that curtailed
1/23/2019	15	-3	4.44%
1/26/2019	3.2	-13	1.11%
1/29/2019	0	-19	3.33%
2/7/2019	9	-9	7.78%
2/8/2019	4	-12	3.33%
3/1/2019	11	-5	1.11%
2/6/2021	12	-4	3.33%
12/31/2021	9	-8	4.44%
1/5/2022	16	-4	1.11%
1/6/2022	7	-14	2.22%
1/9/2022	5	-7	2.22%
1/18/2022	19	-4	1.11%
1/20/2022	13	-10	2.22%
1/24/2022	14	-11	2.22%
12/22/2022	4	-6	1.11%
1/29/2023	9	-8	1.11%
1/12/2024	8	-4	1.11%
1/14/2024	5	-7	2.22%
1/19/2024	9	-4	1.11%
12/11/2024	15	-13	1.11%

GMG disagreed with OAG's recommendation. GMG argued that Interruptible customers help subsidize GMG system as Interruptible Customers use gas during off peak during the grain drying season. GMG noted that grain drying customers can easily convert to propane if GMG started charging a higher rate.

4. ALJ Report

The ALJ determined that the record in this proceeding did not support changing rates for interruptible customers.

The ALJ made the following Findings:

357. The OAG also recommended altering the rates charged to GMG's interruptible customers and removing customers from interruptible service. The OAG maintains that GMG has had an average of 90 interruptible customers each year from 2019 to 2023. GMG has never called on more than nine customers to curtail, and no more than four customers have ever

curtailed at one time. The OAG maintains that GMG's interruptible customers are receiving a preferential rate without providing a benefit to GMG's system.

358. GMG disagrees. It explained that the reason that it rarely interrupts many of its agricultural interruptible customers is that they do not consume gas in the winter, when peaks occur and interruption calls go out. It argued that if its interruptible customers were forced onto firm rates, these customers might leave the gas system entirely to use more expensive fuels, and that this would hurt other customer classes because the other classes benefit from interruptible customers' sales.

359. The record in this case does not support making the changes recommended by the OAG. The bargain made by interruptible customers is that their service may be curtailed and that they pay a lower rate for service as a result of that agreement; the bargain is not a guarantee or requirement that the service must be curtailed.

5. Exceptions

a. GMG

GMG did not file exceptions on this issue.

b. OAG

The OAG finds exception with ALJ Report keeping interruptible agreement as is and supports ending Interruptible Service discount for seasonal users.

The OAG argued that Interruptible customers theoretically provide a benefit to the system because customers willing to curtail use during system peaks result in a lower peak, meaning the utility does not need to incur the cost of building a larger system to accommodate greater use and can reduce capacity-related contracts. GMG also does not need to purchase gas as much gas during peaks, when gas is most expensive. However, if interruptible customers do not interrupt their use or would not have used gas during system peaks in the first place, they are free riders, receiving a monetary benefit paid for by other ratepayers without providing any benefit in return.

The OAG observed that many of GMG's interruptible customers do not curtail their usage during system peaks, and GMG needs to address this problem to avoid potential reliability issues, so it can reduce capacity-related costs, and to avoid offering customers an unreasonably preferential rate. The OAG stated that Minnesota law requires that rates "shall not be unreasonably preferential, unreasonably prejudicial, or discriminatory."¹⁹ If an interruptible customer never curtails its usage, it is receiving the same firm service as other customers for a

¹⁹ Minn. Stat. § 216B.03.

lower price without justification. The OAG noted that over the past five years, GMG has had an average of 90 customers on interruptible rates each year. GMG has never called on more than nine customers to curtail. Moreover, no more than four customers have ever actually curtailed at one time. The result is that GMG's interruptible customers are receiving firm service at unreasonably preferential rates.

The OAG recommended that the Commission order GMG to end its practice of offering interruptible service to seasonal users who will never need to interrupt. The OAG also recommended that the Commission order GMG to either move some of its interruptible customers to firm rates or change its demand entitlement process to reflect the fact that GMG rarely uses its interruptible customers.

Regarding the customers who do stay on interruptible rates, the OAG recommended the Commission require GMG to inform those customers that they could be required to curtail usage if the price of gas spikes. The OAG noted that GMG has not called on customers to curtail usage due to gas spikes in the past.

The OAG recommended the following adjustments be made to the ALJ Report.

357. The OAG also observed that GMG rarely asks its interruptible customers to curtail their usage, and even when GMG does ask them to curtail, many do not. Many of GMG's seasonal agricultural customers are on interruptible rates even though they do not use gas during heating season and will never be asked to curtail, meaning they are receiving preferentially lower rates but not providing any benefit to the system in return. The OAG ~~also~~ recommended ~~altering the rates charged to GMG's interruptible customers and~~ either removing those of GMG's interruptible customers from interruptible service who rarely or never curtail usage, or requiring a change to GMG's demand entitlement process to reflect the fact that the majority of GMG's interruptible customers do not curtail usage. The OAG ~~maintains-~~ demonstrated that GMG has had an average of 90 interruptible customers each year from 2019 to 2023. GMG has never called on more than nine customers to curtail, and no more than four customers have ever curtailed at one time. The OAG maintains that GMG's interruptible customers are receiving a preferential rate without providing a benefit to GMG's system.

359. The OAG responded that if seasonal interruptible customers will never be asked to interrupt because they aren't using gas during peak times, they should be placed onto firm rates because is not reasonable to give customers a discount to incentivize behavior they will never engage in. The OAG observed that these customers already receive benefits for not using gas in the winter.

360. The record in this case ~~does not~~ support making the changes recommended by the OAG. The bargain made by interruptible customers is that their service may be curtailed and that they pay a lower rate for service as a result of that agreement; because the majority of GMG's customers are never curtailed and never will be due to their seasonal use, they do not provide a benefit to the system and other ratepayers are unjustly subsidizing their lower rates. ~~the~~

~~bargain is not a guarantee or requirement that the service must be curtailed.~~

361. The OAG also recommended that GMG should communicate to its interruptible customers that it may ask them to interrupt for economic reasons. The Commission will order Greater Minnesota Gas to inform its customers that it may call interruptions for economic purposes, such as high gas prices, in advance of the 2025-2026 heating season. Greater Minnesota Gas's tariff already allows it to call such interruptions because it requires "curtailment whenever requested by the Company."

6. Decision Options

509. Preclude GMG from offering Interruptible Class service to seasonal users that will never need to interrupt. Require GMG to either move such customers to firm rates or change its demand entitlement process to reflect the fact that GMG rarely interrupts its interruptible customers. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- a. Replace ALJ Findings 357 and 360 with OAG's proposed language.
- b. Adopt the OAG's proposed Finding 359.

510. Require GMG to inform interruptible customers that GMG may require them to curtail usage for economic purposes, such as high natural gas prices. Modify ALJ Finding 361 accordingly as shown in OAG's Exceptions. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- a. Adopt the OAG's proposed Finding 361.

E. Late Fees

1. Introduction

GMG did not include late fee revenue in sales forecast. The late fee revenue has seen a lot of variation in recent years. The Department recommended, and the Company agreed, to include late fees in Test Year.

2. Case Record

ALJ Report ¶¶ 92-97

Ex. JOINT-001 Resolved Issues List

Ex. GMG-109 at 8-9 (Burke Rebuttal)

Ex. DOC-209 at 24-25 (Johnson Direct)

Ex. DOC-216 at 26 (Johnson Surrebuttal)

3. Party Positions

The Department noted that GMG omitted late fees in revenue calculation and recommended that late fee be added.

The Department argued that GMG's recommended amount was too low compared to 2024 actual late fees. The Department suggested a reasonable estimated was the average of the last 4 years of actual late fees as this would smooth yearly fluctuations.

GMG acknowledged the Department's rational but suggested 2023 as a more normal year of late fee revenue to add to the revenue forecast. Table 505 below shows late fees for 2021-2024.

Table 505: Annual Late Fee Revenue²⁰

Year	Late Fees
2021	\$4,377
2022	\$17,871
2023	\$6,723
2024	\$24,768
Average	\$13,435

GMG noted its late fee revenue has varied greatly since 2021 because of events outside the Company's control. Late fees for 2021 were unusually low due to the ongoing moratorium on utility late fees during the COVID-19 pandemic. In 2022, late fees were very high as activity returned after moratorium was lifted. In 2024, the transition to GMG's new billing system required customers to set up their payment profile in the new system. To help with the profile transition, the Company created a campaign with notices, personal outreach, and grace periods over several months. Some customers did not set up new payment arrangements and incurred late fees. GMG recommended Test Year late fee revenue of \$6,723.

4. Evidentiary Hearing

During the evidentiary hearing, GMG agreed with the Department's proposal to reflect the average late fee of the last 4 years actuals which is \$13,435 adjust for late fees for the Test Year.²¹ The agreement was memorialized by the Parties in Joint Exhibit that was filed shortly after the evidentiary hearing.²²

²⁰ Ex. GMG-109 at 8

²¹ Evid. Hearing Tr. At 13:15-24.

²² Ex. JOINT-001, Resolved Issues List.

5. ALJ Report

The ALJ found the agreement reasonable and recommended approving \$13,435 in Test Year Revenue Late Fees. The ALJ noted the following in her findings:

96. At the evidentiary hearing, counsel for GMG noted that GMG agreed with the Department's recommendation to reflect late fee revenues of \$13,435.

97. The parties' agreement is reasonable. The Administrative Law Judge recommends approving Test Year late fee revenues of \$13,435.

6. Decision Option

511. Adopt the inclusion of late fees revenues of \$13,435 to Test Year. [GMG, Department, ALJ]

III. Decision Options

Revenue Apportionment

501. Adopt the revenue apportionment proposed by GMG which increases all classes' base rate increases by close to the same percent. [GMG, ALJ]

502. Adopt the revenue apportionment proposed by Department, which lowers the Residential class base rate increase to 2.8 percent and increases the Commercial class to 2.7 percent. [Department]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the Department:]

- d. Replace ALJ Findings 327, 328, 330, 332, 335, and 328 with Department's proposed language.
- e. Adopt the Department's proposed Finding 328a
- f. Reject ALJ Findings 333, 336, and 337.

503. Adopt the revenue apportionment proposed by OAG, which lowers the Residential class base rate increase to 6.4 percent and increases the Commercial class base rate increase to 11.0 percent. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- c. Replace ALJ Findings 328, 331-335, and 338 with OAG's proposed language.
- d. Reject ALJ Findings 336, 337, and 339.

Facility Fees

504. Adopt GMG's proposal to increase the Facility Fees for all classes by approximately 15 percent. [GMG, Department, OAG, ALJ]

505. Adopt OAG's proposal to apply any reduction in the overall revenue requirement toward reducing the Facility Fee increase before reducing the proposed distribution charge increase. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- c. Replace ALJ Findings 340, 341, and 343-345 with the OAG's proposed language.
- d. Reject ALJ Findings 342.

Reconnection Fees

506. Order GMG to reduce its reconnection fee to \$50 and allow customers to pay the fee over a period of two months with \$30 due the first month and \$20 the second month. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- c. Replace ALJ Findings 351, and 353-356 with the OAG's proposed language.
- d. Adopt the OAG's proposed Finding 357.

Or,

507. Maintain the current reconnection fee of \$75, but require GMG to allow customers to pay the \$75 reconnection fee over a three-month period in installments of \$30 the first month, \$25 the second month, and \$20 the third month. [OAG alternative]

Or,

508. Continue to allow GMG to charge its \$75 reconnection fee. [GMG]

Interruptible Customer Rates

509. Preclude GMG from offering Interruptible Class service to seasonal users that will never need to interrupt. Require GMG to either move such customers to firm rates or change its demand entitlement process to reflect the fact that GMG rarely interrupts its interruptible customers. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- c. Replace ALJ Findings 357 and 360 with OAG's proposed language.
- d. Adopt the OAG's proposed Finding 359.

510. Require GMG to inform interruptible customers that GMG may require them to curtail usage for economic purposes, such as high natural gas prices. Modify ALJ Finding 361 accordingly as shown in OAG's Exceptions. [OAG]

[If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:]

- b. Adopt the OAG's proposed Finding 361.

Late Fees Revenue

- 511. Adopt the inclusion of late fees revenues of \$13,435 to Test Year. [ALJ, Department, GMG]