

September 30, 2020

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. G004/M-20-562

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc.'s (Great Plains or the Company) Demand Entitlement Filing (Petition).

The petitioner on behalf of Great Plains is:

Travis R. Jacobson
Director of Regulatory Affairs
Great Plains Natural Gas Company
705 West Fir Avenue
PO Box 176
Fergus Falls, Minnesota 56538-0176

The Department will provide its final recommendations to the Minnesota Public Utilities Commission (Commission) after the Company files its update on November 1, 2020. The Department is available to respond to any questions the Commission may have on this matter.

Sincerely,

/s/ SACHIN SHAH Rates Analyst

SS /ja Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G004/M-20-562

I. SUMMARY OF THE UTILITY'S PROPOSAL

Pursuant to Minnesota Rules part 7825.2910, subpart 2, Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. (Great Plains or the Company), filed a petition on July 1, 2020 with the Minnesota Public Utilities Commission (Commission) to change the levels of demand for natural gas pipeline capacity (Petition). The Petition is the fourth in which the Company's South District and North District were combined based on the Commission's September 6, 2017 Order in Docket No. G004/GR-15-879. The Company has a pending rate case with the Commission in Docket No. G004/GR-19-511 and an Order should be forthcoming. ²

For the area of the Company's system that was previously known as the North District, Great Plains requested that the Commission accept a 200 Dekatherm (dth) per day decrease in its expected capacity release for forward haul on the Viking Gas Transmission Company (Viking or VGT) system. This results in an increase in available capacity to serve firm customers who receive delivery from the Viking pipeline. The proposed capacity in this area for the 2020-2021 heating season is an increase of 200 dth per day from the 2019-2020 heating season. ³

For the area of the Company's system that was previously known as the South District, Great Plains proposed to release 900 dth per day of excess capacity of Northern Natural Gas Company's (NNG or Northern) capacity. In prior years the Company had used 1,000 dth of the excess capacity to transport gas to the NNG/Viking Gas Transmission (VGT) interconnection at Chisago, and ultimately backhaul the gas to Minnesota cities including, but not limited to Vergas, Pelican Rapids, Fergus Falls, and Breckenridge. In last year's demand entitlement filing the Company proposed to shift its supplemental capacity (NNG capacity that is used by Great Plains to facilitate backhaul transportation for its customers served off the Viking pipeline) to direct capacity.

The Company projected a 6.9 percent reserve margin for the upcoming heating season.

¹ The Commission's Order states: "Regarding the consolidation of the rates in the North and South Districts: A. Great Plains shall implement a consolidated base cost of gas and purchased gas adjustment (PGA) beginning July 1, 2017. B. Great Plains shall consolidate its distribution rates according to its three-phase process implemented during the two years following implementation of the general rate increase resulting from this proceeding.

² The rate case was heard by the Commission during its Agenda Meetings held on August 4th and 6th, 2020.

³ Petition at page 3.

Page 2

Great Plains estimated that its proposal would cause an increase in rates for residential customers of \$0.0056 per dekatherm or approximately \$0.44 per year for customers assuming an annual usage of 77.9 dth.

Great Plains requested that the Commission allow recovery of the associated demand costs in the Company's monthly Purchased Gas Adjustment (PGA) for each district effective November 1, 2020.

II. PREVIOUS COMMISSION ORDERS

In its June 8, 2017 Order in Docket No. G004/M-16-557 (16-557 Order), the Commission made the following disposition:

- Accepted the Company's proposed design-day method for the South District and the North District;
- Required Great Plains, in its future demand entitlement filings, to check the regression models it ultimately uses for autocorrelation, and correct the models if autocorrelation is present; and
- Approved Great Plains' proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2016.

In its May 15, 2018 Order in Docket No. G004/M-17-521 (17-521 Order), the Commission accepted the Company's proposed design-day method and approved the Company's proposed levels of demand entitlement and recovery of associated demand costs.

In its October 15, 2019 Order in Docket No. G004/M-18-454 (18-454 Order), the Commission accepted the Company's proposed design-day method and approved the Company's proposed levels of demand entitlement and recovery of associated demand costs. In addition, the Commission made the following disposition:

In its next demand entitlement petition, required Great Plains to provide the following information:

- What are the possible sources of the "pressure" issues in Fergus Falls?
- Have the previous "pressure" issues impacted service to the Company's firm customers?
- Explain in its next demand entitlement petition how its distribution/transmission system and city gates would be impacted if there ever were a loss of a single compressor station on:
 - NNG's system,
 - Viking's system,
 - > Both NNG's and Viking's systems.

Page 3

In its April 27, 2020 Order in Docket No. G004/M-19-430 (19-430 Order), the Commission accepted the Company's proposed design-day method and approved the Company's proposed levels of demand entitlement and recovery of associated demand costs. In addition, the Commission made the following disposition:

- Required Great Plains to conduct a design-day analysis based on daily data in its next demand entitlement filing and compare these results to its current design-day method; and
- Required Great Plains to file, in its next demand entitlement filing and supplemental filings:
 - ➤ a detailed explanation of excess reserve capacity, any impediments to efforts being made to release the excess capacity, and the impact on the Reserve Margin for the 2020 – 2021 heating season.
 - ➤ a detailed description of marketing efforts, when capacity releases were offered, amounts and prices offered but not accepted, and amounts released along with the payments received for those releases.

III. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources' (Department) analysis of the Company's request includes the following areas:

- the proposed overall demand entitlement levels;
- the design-day requirements, including compliance with the Commission's 16-557 Order and 19-430 Order;
- the reserve margins; and
- the PGA cost recovery proposals.

A. PROPOSED OVERALL DEMAND ENTITLEMENT LEVELS

Regarding NNG capacity, Great Plains stated in its initial filing, as it has in prior years, that NNG's reallocation of TF-12B and TF-12V services are not known until the November update and that the changes are not significant normally. The reallocation changes are in accordance with NNG's tariff approved by the Federal Energy Regulatory Commission (FERC).⁴ According to Great Plains in prior demand entitlement dockets, there is no deliverability difference between TF-12B and TF-12V services, but TF-12B service is less expensive than TF-12V service.

⁴ Under its federally approved tariff, NNG is allowed to adjust a utility's assigned level of contracted capacity based on the utility's usage of its NNG-based capacity over the previous five-month period (May through September).

Page 4

Table 1 below provides a comparison of the Company's current and proposed overall level of entitlements.

Table 1: A Comparison of Great Plains' Current and Proposed Entitlements

	Current	Proposed		
	Entitlement	Entitlement	Change	Percent
Pipeline	(dth/day)	(dth/day)	(dth/day)	Change
VGT	17,800	18,000	200	1.12%
NNG	19,145	18,245	-900	-4.70%
Total	36,945	36,245	-700	-1.89%

As indicated in Table 1 and in Department Attachment 1, the Company's proposal would result in a decrease of 700 dth to the overall demand entitlement level compared to the current entitlement level. As discussed in further detail in Docket No. G004/M-15-645, Great Plains entered into a 10-year TFX annual contract with NNG for 2,000 dth/day effective November 1, 2015. In the Company's updated comments and compliance filing dated October 29, 2015,⁵ the Company stated that "although this amount of capacity exceeds current requirements, Great Plains believes it will require this amount of capacity in the near future."

As discussed in further detail in Docket No. G004/M-18-454, Great Plains entered into a 5-year FT-A annual contract with VGT for 5,000 dth/day effective November 1, 2018. In the Company's Informational Update filing dated October 31, 2018,⁶ the Company stated the following:

... Great Plains bid for and secured a five-year FT-A, Zone 1-1 annual contract for 5,000 Dk/day. Although this amount of firm capacity exceeds current demand requirements, Great Plains determined this long-term contract is in the Company's best interest for the following reasons that are similar to those identified in Response Comments of the Minnesota Department of Commerce, Division of Energy Resources, Docket No. G004/M-16-557, dated November 10, 2016, concerning a long-term capacity contract with [Northern Natural Gas] NNG secured in 2015. ...

In terms of Northern capacity, Great Plains proposed to release 900 dth/day of its current TF-X capacity. In terms of Viking capacity, Great Plains proposed to utilize 200 dth/day of the currently approved FT-A capacity release.⁷ Thus, the Company is not acquiring any new capacity and is instead

⁵ Docket No. G004/M-15-645. See eDocket Document No. 201510-115211-01

⁶ Docket No. G004/M-18-454. See eDocket Document No. <u>201810-147475-01</u>

⁷ Petition at page 3.

Page 5

realigning its existing capacity with the proposed capacity releases. The Company stated that it will "update the Commission regarding the final capacities released by November 1, 2020."

The Department analyzes below the proposed changes, the proposed design-day requirements, and the proposed reserve margin for Great Plains.

B. DESIGN-DAY REQUIRREMENTS

As indicated in Table 2 below and Department Attachment 2, the Company proposed to decrease its total design day in dth as follows:

			DD	
	Previous	Proposed	Changes	Percent
Initial Filing	DD (dth)	DD (dth)	(dth)	Change
Crookston	3,603	3,673	70	1.94%
North-4 ⁸	10,185	9,774	(411)	-4.03%
Wahpeton	3,148	3,129	(19)	-0.61%
Total Viking	16,936	16,576	(360)	-2.13%
South District				
Total NNG	17,130	17,346	216	1.26%
Total	34,066	33,922	(144)	-0.42%

Table 2: Great Plains' Design-Day Levels

As shown on Petition Exhibit A and Table 2 above, Great Plains calculated a projected design-day requirement of 33,922 dth/day. This projection consists of 16,576 dth/day for firm customers receiving natural gas from city gates interconnecting with Viking and 17,346 dth/day for those firm customers receiving natural gas from city gates interconnecting with Northern.

The Company used the same basic design-day method in this docket that the Commission accepted since Docket No. G004/M-03-303. In previous demand entitlement proceedings, the Department and Commission Staff expressed concerns that Great Plains' design-day method might under-estimate the need for natural gas on a peak day for the South District and the North District. ⁹ In response to these

⁸ In last year's demand entitlement filing in Docket No. G004/M-19-430, the Company's design-day regression analysis indicated that there was an incremental design-day need in its North 4 MN communities. However, in Exhibit A of the Company's June 28, 2019 filing, Great Plains reflected this incremental design-day need in the results for Wahpeton, ND in error.

⁹ The Department's concerns on this issue are discussed in detail in the following documents:

the Department's July 2, 2008 Comments in Docket No. G004/M-07-1401;

[•] the Department's July 31, 2009 Comments in Docket No. G004/M-08-1306; and

[•] the Department's February 5, 2010 Comments in Docket No. G004/M-09-1262.

Page 6

concerns, the Commission ordered the Company and the Department to work cooperatively on developing a design-day analysis that would address the concerns raised by the Department. Department Subsequently, Great Plains submitted a Compliance Filing on June 27, 2012 in Docket No. G004/M-10-1164. In that Compliance Filing, Great Plains provided additional discussion and analysis regarding its design-day method using different scenarios (i.e., as filed 36 months, 36 winter months only, 60 winter months only) as requested by the Department. The Department concluded that, "As noted above, despite these concerns, the Department believes that the Company's design-day analysis does not appear to produce unreasonable results." The Commission agreed with the Department's conclusion that, while concerns about sample size and changing weather patterns still exist, the Company's design-day methodology was acceptable because its results were not unreasonable.

The Commission's June 8, 2017 Order in Docket No. G004/M-16-557 stated the following:

Required Great Plains, in its future demand entitlement filings, to check the regression models it ultimately uses for autocorrelation, and correct the models if autocorrelation is present;

In its Petition, Great Plains stated the following: 12

In addition, Great Plains monitored its data and regression models for the presence of autocorrelation and whether it has statistical significance to the projected design day requirement, as agreed to in Docket No. G004/M-17-521. While the results indicate autocorrelation is present, its effects are immaterial and Great Plains continues to support its current methodology, previously approved, as the modeling produces reasonable results.

... Great Plains has a long history of successfully serving its customers gas requirements in a safe, reliable and economical fashion. The Company believes its regressions are accurate, can be relied upon for forecasting demand requirements, and the resulting design day peak capacity requirements are not unreasonable. Great Plains serves approximately 24,000 customers and is intimately familiar with its customer's gas usage, conservation and growth characteristics.

Commission Staff's concerns are discussed in detail in their September 9, 2010 Briefing Papers, which were contemporaneously submitted in each of these three dockets.

 $^{^{10}}$ See Ordering Paragraph No. 2 of the Commission's September 30, 2010 Order in Docket Nos. G004/M-07- 1401, G004/M-08-1306, and G004/M-09-1262.

¹¹ The Department's concerns on this issue are discussed in detail in the following documents: The Department's March 18, 2013 Comments in Docket No. G004/M-12-740; and the Department's August 19, 2013 Comments in Docket No. G004/M-13-566.

¹² Petition at page 2.

Page 7

The Department appreciates Great Plains' discussion of autocorrelation described above. The Department has previously discussed the issue of autocorrelation and its potential impact and will not repeat that discussion here.¹³

As noted above, Great Plains partially complied with the Commission's June 8, 2017 Order by checking its models for autocorrelation. However, Great Plains did not correct the models for autocorrelation.

The Department corrected the models for autocorrelation and makes the following observations:

- Great Plains' projected design-day was 33,922 dth/day. After correcting for autocorrelation, the projected design-day changed to 34,044, or approximately by 122 dth, which is a 0.4% change.
- Great Plains must plan for its design-day.
- Interstate pipeline capacity contracts are usually subscribed to for relatively long durations, for example 10 years. Great Plains signed a 10-year contract with NNG for an annual TFX service as mentioned above.
- Capacity is usually added in larger "chunks."
- The Company's reserve margin will account for the entitlement difference.

In addition, Great Plains has previously agreed to continue monitoring its data and models for autocorrelation. The Department appreciates Great Plains' prior agreement to monitor its data and models. As a result, based on all the above information, the Department concludes that Great Plains' models can be used by Great Plains in planning for its design day.

Consistent with prior analyses presented by the Department in Docket Nos. G004/M-11-1075, G004/M-12-740, and G011/M-13-566, the Department used two methods to gauge the reasonableness of the Company's design-day amounts for Great Plains' consolidated system (previously known as the South District and the North District): 1) using data from the previous five heating seasons; and 2) using data from the heating season with the overall greatest peak sendout per firm customer that occurred before the previous five heating seasons.¹⁴

1. Consolidated System (North and South District)

The Department multiplied the peak sendout per firm customer for the 2018-2019 heating season of 1.2508 dth, which is the highest peak sendout per firm customer in the previous five heating seasons, by the expected number of firm customers for the 2020-2021 heating season of 24,425 to arrive at an estimated design-day amount of 30,551 dth/day. This amount is 3,371 dth/day less than the Company's proposed design-day level of 33,922 dth/day.

¹³ See the Department's August 27, 2015 Comments in Docket No. G004/M-15-645 at pages 4-5, and November 10, 2016 Response Comments in Docket No. G004/M-16-557 at page 8, and the Department's November 29, 2017, Comments in Docket No. G004/M-17-521 at pages 4-8.

¹⁴ The data used by the Department is taken from Exhibit D of the Company's Petition and prior demand entitlement filings.

Page 8

Thus, using the method based on the highest firm peak sendout data for the previous five heating seasons, Great Plains appears to have a sufficient level of entitlements for the 2020-2021 heating season for its system.

In past demand entitlement filings, the South District's 1995-1996 heating season represented the highest peak sendout per firm customer in the previous 24 heating seasons. Whereas for the North District, the 1999-2000 heating season represented the highest peak sendout per firm customer in the previous 24 heating seasons.

The Department also calculated an estimated design-day amount using data from the 1999- 2000 heating season, which represents the highest peak sendout per firm customer in the previous 24 heating seasons for Great Plains' system. Specifically, the Department multiplied the peak sendout per firm customer for the 1999-2000 heating season of 1.5322 dth by the expected number of firm customers for the 2020-2021 heating season of 24,425 to arrive at an estimated design-day amount of 37,424 dth. This amount is 3,502 dth more than the Company's proposed design-day level of 33,922 dth/day.

Given the previous system configuration, the Department also calculated an estimated design-day amount using data from the 1995-1996 heating season, which represents the second highest peak sendout per firm customer in the previous 24 heating seasons for Great Plains' system. Specifically, the Department multiplied the peak sendout per firm customer for the 1995-1996 heating season of 1.5197 dth by the expected number of firm customers for the 2020-2021 heating season of 24,425 to arrive at an estimated design-day amount of 37,119 dth. This amount is 3,197 Dth more than the Company's proposed design-day level of 33,922 dth/day. The Department addresses this situation further in Section III.B.3 below.

2. Compliance with the Commission's 19-430 Order

As noted above, the Commission's 19-430 Order required Great Plains to conduct, for the instant Petition, a design-day analysis based on daily data and to compare these results to its current design-day method. The Company stated the following:¹⁵

In compliance with the Commission's April 27, 2020 Order in Docket No. G004/M-19-430, Great Plains conducted a design day analysis based on daily data. These results are compared to the current design day methodology, based upon monthly data, and are included on Exhibit E. The daily design methodology shows a design day peak of 32,742 dk compared to Great Plains' currently approved method design day peak of 33,922 dk.

¹⁵ Petition at page 2.

Page 9

Several communities with large interruptible loads and small firm loads have seen sporadic gaps in data which impact the quality of data. Many of these same communities have only been collecting daily usage information since November of 2018. This also affects the quality and reliability of data to be used in the daily design methodology. As daily data is gathered and analyzed further, Great Plains will continue to evaluate the merits of transitioning to use of daily measurement data for use in design day forecasting. The two methodologies yield reasonably consistent results demonstrating two effective approaches to calculating a design day.

The Department notes that the Company provided a summary of its results in Exhibit E of the Petition, without the underlying detail needed to assess the validity of those results. The Department requested additional information from the Company in Department Information Request (IR) Nos. 1 through 4, included as Department Attachment 3. In the Company's response to Department IR No. 3, the Company explained that:

- firm customer consumption is calculated by subtracting interruptible customer usage from total city gate measurement for each individual day of the utilized data set;
- there remain portions of Great Plains' service territory at which the infrastructure is not robust enough to capture each interruptible customer's daily usage 100% of the time, resulting in the described "sporadic gaps in data";
- In some instances, interruptible customer loads may exceed the entire firm load of a community for a particular period of time;
- The small communities of Belview, Wood Lake, Danube, Echo and Dawson rely on regional collector devices which have exhibited reliability issues in collecting daily data and have a single or a few large interruptible loads; and
- Great Plains used the incorrect design-day heating degree day for each location (Crookston, North-4, Wahpeton, and South) and correcting the error led to a revised design-day peak of 33,032 dth/day compared to its initial result of 32,742 dth/day. See Department Attachment 3.

The Company used data from April 2017 through March 2020 in its daily design methodology. Great Plains complied with the Commission's 19-430 Order by conducting a design-day analysis based on daily data. However, as mentioned above by the Company, it did not begin collecting daily usage information consistently until November 2018, and the data collected is subject to quality issues as explained by the Company above.

Page 10

In addition, the Company has previously stated that it "does not track daily throughput by firm, interruptible, and transport load" in its responses to information requests in various dockets. ¹⁶ One other additional potential concern with the quality and reliability of the data used by the Company in its daily design methodology is that Great Plains has not explained if there are any third-parties and/or its transportation customers nominating at the Town Border Station (TBS); and as a result, if that particular data would impact its calculations beginning November 2018 and going forward.

Thus, until the data quality and data reliability issues are mitigated and, as a result Great Plains is able to accurately calculate the daily throughput by firm, interruptible, and transport load; the daily design methodology can only be used as a potential gauge on the reasonableness of the current method.

3. Reasonableness of Great Plains' Design-Day Analyses

As noted above, when the all-time peak-day sendout is analyzed, it appears that Great Plains may not have sufficient capacity to serve firm customers on a Commission design-day. However, in its 2010 demand entitlement proceeding, Great Plains stated that the peak-day use-per-customer figures during past heating seasons are no longer appropriate metrics because of the many changes (e.g., the movement of firm customers to interruptible service, customer losses due to natural disasters, customer growth and losses, energy conservation) that have occurred since 1995, resulting in steadily declining use per customer. In that same proceeding, the Department observed that, in general, Great Plains' assertions about changes in use per customer over time appear to be plausible and should be reflected in estimates of use per customer.

During the 2018-2019 heating season, Great Plains' service territory experienced a significant cold weather event. Great Plains had a peak sendout of 30,320 dth in the 2018-2019 heating season, which was also below Great Plains' estimated design-day of 33,674 dth. The extreme weather in the 2013-2014 heating season offers further insight in evaluating the Company's design-day estimate. Great Plains experienced an outage in January 2014 when the TransCanada pipeline, which supplied gas to the VGT Company that serves Great Plains' customers in the former North District, exploded. Further, Great Plains experienced some extremely cold weather during the months of January through March 2014. Despite these challenges, the peak sendout during the 2013-2014 heating season of 27,693 dth was below Great Plains' estimated design-day of 29,433 dth.

In addition, Great Plains had the second highest peak sendout in the last 6 heating seasons of 29,099 dth in the 2014-2015 heating season, which was also below Great Plains' estimated design-day of 31,124 dth.

¹⁶ See the Department's August 1, 2019 Supplemental Comments in Docket No. G004/M-18-454 at page 7 and Supplemental Department Attachment 3. See eDocket Document No. 20198-154884-01

Page 11

As noted above, the Commission, in its January 9, 2014 Order in Docket No. G004/M-13-566, accepted the Company's proposed design-day method for the South and North District, as recommended by the Department.

Based on all the above discussion, the Department recommends that the Commission accept the Company's same proposed design-day method for its system.

C. PROPOSED RESERVE MARGIN

In the Company's 2007, 2008, and 2009 demand entitlement proceedings, the Commission stated the following:

Great Plains shall reduce its reserve margin in Docket No. G-004/M- 09-1262 to approximately five percent or explain why it is not reasonable to do so.

Table 3 below compares Great Plains' authorized and proposed reserve margins.

Table 3: Great Plains' Reserve Margins

2019-2020	Proposed
Reserve	Reserve
Margin	Margin
8.45%	6.85%

Great Plains has proposed to lower its reserve margin in the direction of the 5 percent target that was established by the Commission in prior demand entitlement proceedings. Generally, the reserve margin serves to protect against the risk of actual consumer demand exceeding the design-day. The Department notes that it has previously provided a detailed discussion and update on the reserve margin discussion in its November 29, 2017 Comments in Docket No. G004/M-17-521; and in its August 29, 2018 Comments and August 1, 2019 Supplemental Comments in Docket No. G004/M-18-454.

The Commission's Ordering point 5 of its 19-430 Order requires Great Plains to file in the instant Petition and November 1 Update and Supplemental filing:

➤ a detailed explanation of excess reserve capacity, any impediments to efforts being made to release the excess capacity, and the impact on the Reserve Margin for the 2020 – 2021 heating season.

Page 12

➤ a detailed description of marketing efforts, when capacity releases were offered, amounts and prices offered but not accepted, and amounts released along with the payments received for those releases.

In the Company's response to Department IR No. 4, included as Department Attachment 3, the Company stated the following:

To defray the cost of the excess capacity noted above, Great Plains has proposed capacity releases in each Demand Entitlement Filing following the purchases noted above. In the instant docket, Great Plains proposes to release excess capacity of 2,900 dk/day, of which 2,000 dk/day is on Viking Gas Transmission (VGT) and 900 dk/day is on Northern Natural Gas (NNG), resulting in a proposed reserve margin of 6.7 percent and was addressed under the section titled Capacity Releases. Absent the 2,900 dk/day capacity release, the reserve margin would be 15.4 percent for the 2020 2021 heating season. Great Plains has ongoing preliminary discussions directly with purchasers, but these parties have shown less interest in this capacity for the upcoming heating season.

At this time, Great Plains has not encountered impediments to efforts being made to release the excess capacity and will provide a detailed description of marketing efforts, when capacity releases were offered, amounts and prices offered but not accepted, and amounts released along with other payments received for those releases in its Informational Update Filing regarding Great Plains' 2020 Demand Entitlement Filing on or before November 1, 2020 as this information is not currently available.

Thus, the Department expects the Company in its November 1, 2020 Update and Supplemental filing to comply with Ordering Point 5 of the Commission's 19-430 Order.

D. THE COMPANY'S PGA COST RECOVERY PROPOSAL

The demand entitlement amounts listed above and in the Company's Petition represent the demand entitlements for which Great Plains' firm customers would pay. In its Petition, the Company used its July 2020 PGA to compare its proposed changes for its North District and South District.¹⁷ Great Plains presented an analysis indicating that the Company's demand entitlement proposal would result in the following estimated annual rate impacts for customers in the North and South District¹⁸:

¹⁷ The Department notes that the demand cost calculations in Table 1 of the Company's Petition reflect the base rates from the Viking and NNG Settlements in FERC Docket Nos. RP19-1340 and RP19-1353, respectively.

¹⁸ See Exhibit C of the Company's Petition. The exhibit is shown for both the North and South Districts.

Page 13

- an annual bill increase of \$0.44 or approximately 0.1 percent, for the average residential customer consuming 77.9 dth annually; and
- an annual bill increase of \$2.43 or approximately 0.1 percent, for the average firm general service customer consuming 434.4 dth annually.

The Department recommends that Great Plains in its November 1, 2020 Supplemental Filing and/or Update provide a comparison to the October PGA rather than the July PGA and to update the calculations to reflect the Company's pending rate case with the Commission in Docket No. G004/GR-19-511.

III. DEPARTMENT RECOMMENDATIONS

In the instant Petition, Great Plains' analysis produces results that are acceptable for planning for the design day. However, the Department will file its final recommendations after the Company's November 1, 2020 supplement or update to its demand entitlement proposal.

/ja

Comments Department Attachment 1 Docket No. G004/M-20-562 Great Plains Demand Entitlement Historical and Current Proposal

						Proposed As of 07/1/20			
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021			
	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity	Change in	Change in	Change in Design
Contract Type	(Mcf)	(Mcf)	(Mcf)	(Mcf)	(Mcf)	(Mcf)	Quantity (Mcf)	Capacity (%)	Day (%)
<u>VGT</u>									
FT-A (12-month)	13,000	13,000	13,000	18,000	18,000	18,000	-		
FT-A (5-month)	2,700	3,400	2,000	2,000	2,000	2,000	-		
BP (5-month)	-	-	1,600	-	-	-	-		
Seasonal Capacity Release				(2,600)	(2,200)	(2,000)	200		
Total VGT	15,700	16,400	16,600	17,400	17,800	18,000	200		
NNG									
TFX (12-month)*	2,000	2,000	700	1,000	2,000	2,000	-		
TFX (5-month)	6,200	6,200	6,200	6,200	6,200	6,200	-		
TF12B	4,604	5,421	4,854	3,819	3,921	3,921	-		
TF12V	2,931	2,114	2,681	3,716	3,614	3,614	-		
TF5	3,410	3,410	3,410	3,410	3,410	3,410	-		
TFX (Capacity Release)	(1,300)	(1,300)	-	-	-	(900)	(900)		
Total NNG	17,845	17,845	17,845	18,145	19,145	18,245	(900)		
Total Entitlement	33,545	34,245	34,445	35,545	36,945	36,245	(700)	-1.89%	-0.42%
Total Annual Transportation	22,535	22,535	21,235	26,535	27,535	27,535	(900)	-3.27%	5
Total Winter Only Transport	11,010	11,710	13,210	9,010	9,410	8,710	200	2.13%	,)
Percent of Winter Only Capacity	32.82%	34.19%	38.35%	25.35%	25.47%	24.03%	_		

Source: Great Plains Exhibit B

Comments Department Attachment 2 Docket No. G004/M-20-562 Great Plains Demand Entitlement Analysis*

	Nur	mber of Firm Cus	tomers	Des	sign-Day Requirement	t	Total Entitlement Plus Peak Shaving		Reserve Margin		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Heating	Number of	Change from	% Change From	Design Day	Change from	% Change From	Total Design-Day	Change from	% Change From	Reserve	% Reserve
Season	Customers	Previous Year	Previous Year	(Dth)	Previous Year	Previous Year	Capacity (Dth)	Previous Year	Previous Year	(7) - (4)	[(7)-(4)]/(4)
2020-2021	24,425	109	0.45%	33,922	(144)	-0.42%	36,245	(700)	-1.89%	2,323	6.85%
2019-2020	24,316	76	0.31%	34,066	392	1.16%	36,945	1,400	3.94%	2,879	8.45%
2018-2019	24,240	243	1.01%	33,674	941	2.87%	35,545	1,100	3.19%	1,871	5.56%
2017-2018	23,997	184	0.77%	32,733	335	1.03%	34,445	200	0.58%	1,712	5.23%
2016-2017	23,813	(69)	-0.29%	32,398	131	0.41%	34,245	700	2.09%	1,847	5.70%
2015-2016	23,882	358	1.52%	32,267	1,143	3.67%	33,545	900	2.76%	1,278	3.96%
2014-2015	23,524	296	1.27%	31,124	1,691	5.75%	32,645	2,000	6.53%	1,521	4.89%
2013-2014	23,228	290	1.26%	29,433	339	1.17%	30,645	0	0.00%	1,212	4.12%
2012-2013	22,938	164	0.72%	29,094	158	0.55%	30,645	159	0.52%	1,551	5.33%
2011-2012	22,774	40	0.18%	28,936	(393)	-1.34%	30,486	(1,380)	-4.33%	1,550	5.36%
2010-2011	22,734	(2)	-0.01%	29,329	(515)	-1.73%	31,866	(1,170)	-3.54%	2,537	8.65%
2009-2010	22,736	85	0.38%	29,844	119	0.40%	33,036	(1,170)	-3.42%	3,192	10.70%
2008-2009	22,651	49	0.22%	29,725	(714)	-2.35%	34,206	0	0.00%	4,481	15.07%
2007-2008	22,602	1	0.00%	30,439	(406)	-1.32%	34,206	0	0.00%	3,767	12.38%
2006-2007	22,601			30,845			34,206			3,361	10.90%
Average			0.56%			0.70%			0.46%		7.54%

	Fir	m Peak-Day Sen	dout	Per Customer Metrics				
	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Heating	Firm Peak-Day	Change from	% Change From	Excess per Customer	Design Day per	Entitlement per	Peak-Day Send per	
Season	Sendout (Dth)	Previous Year	Previous Year	[(7) - (4)]/(1)	Customer (4)/(1)	Customer (7)/(1)	Customer (12)/(1)	
2020-2021	unknown			0.0951	1.3888	1.4839	unknown	
2019-2020	28,451	(1,869)	-6.16%	0.1184	1.4010	1.5194	1.1701	
2018-2019	30,320	1,679	5.86%	0.0772	1.3892	1.4664	1.2508	
2017-2018	28,641	112	0.39%	0.0713	1.3640	1.4354	1.1935	
2016-2017	28,529	1,283	4.71%	0.0776	1.3605	1.4381	1.1980	
2015-2016	27,246	(1,853)	-6.37%	0.0535	1.3511	1.4046	1.1409	
2014-2015	29,099	1,406	5.08%	0.0647	1.3231	1.3877	1.2370	
2013-2014	27,693	3,471	14.33%	0.0522	1.2671	1.3193	1.1922	
2012-2013	24,222	5,513	29.47%	0.0676	1.2684	1.3360	1.0560	
2011-2012	18,709	(4,269)	-18.58%	0.0681	1.2706	1.3386	0.8215	
2010-2011	22,978	1,442	6.70%	0.1116	1.2901	1.4017	1.0107	
2009-2010	21,536	(1,731)	-7.44%	0.1404	1.3126	1.4530	0.9472	
2008-2009	23,267	540	2.38%	0.1978	1.3123	1.5101	1.0272	
2007-2008	22,727	852	3.89%	0.1667	1.3467	1.5134	1.0055	
2006-2007	21,875			0.1487	1.3648	1.5135	0.9679	
Average			2.63%	0.1007	1.3340	1.4347	1.0870	

^{*}The Petition is the fourth in which the Company's South District and North District were combined based on the ruling in Docket No. G004/GR-15-879. The Department combined the districts for comparison. Source: Great Plains Exhibit D

Docket No. G004/M-20-562 Department Attachment 3 Page 1 of 9



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic⊠ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number: 1

Topic:

Reference(s): Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., (Great Plains, GP,

or Company) Demand Entitlement Filing.

Request:

- A. Please provide all of the unedited input and output regression analysis files from all of the software applications used.
- B. Please provide a short description of the worksheets and files, provided in your response to part (a) above, in a Microsoft Word format (*.docx).

Please provide the requested data in a Microsoft Excel executable format (*.xlsx) with all links and formulae intact. If any of these links target an outside file, please provide all such additional files.

In addition, whenever acronyms are used in the data given in response to all the parts above, please provide an explanation of all acronyms used AND also provide a brief but complete explanation of the source of each data series that is provided.

If this information has already been provided in the application or in response to an earlier information request (IR), please identify the specific cite(s) or IR number(s).

To be completed by responder

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>

Docket No. G004/M-20-562 Department Attachment 3 Page 2 of 9



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic☑ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Response:

- A. See the attached Microsoft Excel file titled "M-20-562 GP Response IR 1."
- B. The file described in response to A employs an approved methodology for determining an estimated firm design day delivery availability by regressing monthly historical customer billing data, dekatherms by area and rate class, against heating degrees for the applicable months. The sample period consists of 36 months concluding with the most recent March.

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>

Docket No. G004/M-20-562 Department Attachment 3 Page 3 of 9



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic⊠ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number: 2

Topic:

Reference(s): Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., (Great Plains, GP,

or Company) Demand Entitlement Filing.

Request:

A. Please provide Exhibits A through E in an electronic format.

Please provide the requested data in a Microsoft Excel executable format (*.xlsx) with all links and formulae intact. If any of these links target an outside file, please provide all such additional files.

If this information has already been provided in the application or in response to an earlier information request (IR), please identify the specific cite(s) or IR number(s).

Response:

Please see the Microsoft Excel file titled "M-20-562 GP Response IR 2" for Exhibits A through E and supporting calculations.

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic⊠ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number: 3

Topic:

Reference(s): Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., (Great Plains, GP,

or Company) Demand Entitlement Filing.

Request:

In the Petition the Company stated the following at page 2:

Several communities with large interruptible loads and small firm loads have seen sporadic gaps in data which impact the quality of data. Many of these same communities have only been collecting daily usage information since November of 2018. This also affects the quality and reliability of data to be used in the daily design methodology.

- A. Please explain in detail the Company's statement referenced above.
- B. What "sporadic gaps in data" is the Company referring to? Please explain in detail.
- C. What "communities with large interruptible loads and small firm loads" is the Company referring to? What customer rate class categories is the Company referring to? How many customers? Please explain in detail.
- D. Please explain how the Company devised the "daily design methodology" referenced in the Petition.
- E. Please provide all of the data (usage, weather, HDDs et cetera) in sufficient detail to allow replication of the daily design methodology results shown in Exhibit E of the Company's Petition.

(Continued on Next Page)

To be completed by responder

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic☑ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Please provide the requested data in a Microsoft Excel executable format (*.xlsx) with all links and formulae intact. If any of these links target an outside file, please provide all such additional files.

In addition, whenever acronyms are used in the data given in response to all the parts above, please provide an explanation of all acronyms used AND also provide a brief but complete explanation of the source of each data series that is provided.

If this information has already been provided in the application or in response to an earlier information request (IR), please identify the specific cite(s) or IR number(s).

Response:

- A. Pursuant to the Commission's April 27, 2020 Order in Docket No. M-19-430, Great Plains was required to conduct a design-day analysis based on daily data and compare these results to the currently approved design-day methodology described in Response No. 1. In such a study, the output variable, referring to firm customer consumption, is calculated by subtracting interruptible customer usage from total city gate measurement for each individual day of the utilized data set. While Great Plains' telemetering network has progressed, there remain portions of Great Plains' service territory at which the infrastructure is not robust enough to capture each interruptible customer's daily usage 100% of the time leaving these described "sporadic gaps in data." When these data gaps occur, Great Plains cannot subtract the customer information from the city gate measurement causing less reliable data to be used in the daily design data regression analysis. These data gaps do not cause an issue with customer billing since total consumption is still measured accurately.
- B. See response in A.
- C. "Communities with large interruptible loads and small firm loads" refers to small communities that have a single or a few large interruptible loads whose consumption make up a significant portion of the

To be completed by responder

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>

Docket No. G004/M-20-562 Department Attachment 3 Page 6 of 9



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic☑ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

community's total load on particular days. In some instances, interruptible customer loads may exceed the entire firm load of a community for a particular period of time. The small communities of Belview, Wood Lake, Danube, Echo and Dawson rely on regional collector devices which have exhibited reliability issues in collecting daily data and have a single or a few large interruptible loads.

- D. See Response 1 for description of the methodology used.
- E. See the attached Excel file titled "M-20-562 GP Response IR 3.xlsx."

In reviewing the Excel file noted above, Great Plains found that the design heating degree day used for each location was incorrect. Crookston was based on 97 degree days, North was based on 90 degree days and South was based on 82 degree days whereas the correct design heating degree day for each area is 96, 91, and 83, respectively. The corrected design day has been provided in a Revised Exhibit 3 included in this response as Response No. 3 Attachment A.

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>

Docket No. G004/M-20-562 Department Attachment 3 Page 7 of 9



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic⊠ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number: 4

Topic:

Reference(s): Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., (Great Plains, GP,

or Company) Demand Entitlement Filing.

Request:

A. Please identify and explain how the Company's Petition complies with Ordering Point 5 of the Minnesota Public Utilities Commission (MPUC or Commission) *April 27, 2020 Order* in Docket No. G004/M-19-430.

If applicable, please provide the requested data in a Microsoft Excel executable format (*.xlsx) with all links and formulae intact. If any of these links target an outside file, please provide all such additional files.

In addition, whenever acronyms are used in the data given in response to all the parts above, please provide an explanation of all acronyms used AND also provide a brief but complete explanation of the source of each data series that is provided.

If this information has already been provided in the application or in response to an earlier information request (IR), please identify the specific cite(s) or IR number(s).

To be completed by responder

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic☑ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Response:

As described in Great Plains October 29, 2015 Informational Update Filing on Great Plains' 2015 Demand Entitlement Filing in Docket No. G004/M-15-645, Great Plains proposed to increase the South District capacity by 730 dk per day with a TFX Seasonal contract from Northern. Northern had additional capacity available as a result of pipeline system improvements. Great Plains took advantage of this newly available capacity and entered into a 10-year, 2,000 dk per day annual capacity contract effective November 1, 2015. Although this amount of capacity exceeds current requirements, Great Plains believes it will require this amount of capacity in the near future.

And, as described in Great Plains October 31, 2018 Informational Update Filing on Great Plains' 2018 Demand Entitlement Filing in Docket No. G004/M-18-454, Great Plains bid for and secured a five-year FT-A, Zone 1-1 annual contract for 5,000 Dk/day for the 2018-2019 heating season. Although this amount of firm capacity exceeds current demand requirements, Great Plains determined this long-term contract is in the Company's best interest for the following reasons that are similar to those identified in Response Comments of the Minnesota Department of Commerce, Division of Energy Resources, Docket No. G004/M-16-557, dated November 10, 2016, concerning a long-term capacity contract with NNG secured in 2015:

- There is no valid alternative such as a propane-air peak shaving facility;
- Great Plains' peak-day send out has been increasing over the last three heating seasons;
- Future weather cannot be forecasted accurately and with precision;
- VGT is fully subscribed and currently does not have capacity available to contract in a "just-in-time" fashion; rather, incremental capacity is usually added in larger quantities; and
- Great Plains must plan for its design day.

In each of the Dockets discussed above, Great Plains course of action was determined to be in the customers' best interest from a reliability and cost perspective.

To be completed by responder

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>

Docket No. G004/M-20-562 Department Attachment 3 Page 9 of 9



Minnesota Department of Commerce 85 7th Place East | Suite 280 | St. Paul, MN 55101 Information Request

Docket Number: G004/M-20-562□ Nonpublic☑ PublicRequested From: Travis Jacobson, Great PlainsDate of Request: 7/22/2020Type of Inquiry: GeneralResponse Due: 8/3/2020

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Sachin Shah

Email Address(es): Sachin.shah@state.mn.us

Phone Number(s): 651-539-1834

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

To defray the cost of the excess capacity noted above, Great Plains has proposed capacity releases in each Demand Entitlement Filing following the purchases noted above. In the instant docket, Great Plains proposes to release excess capacity of 2,900 dk/day, of which 2,000 dk/day is on Viking Gas Transmission (VGT) and 900 dk/day is on Northern Natural Gas (NNG), resulting in a proposed reserve margin of 6.7 percent and was addressed under the section titled Capacity Releases. Absent the 2,900 dk/day capacity release, the reserve margin would be 15.4 percent for the 2020-2021 heating season. Great Plains has ongoing preliminary discussions directly with purchasers, but these parties have shown less interest in this capacity for the upcoming heating season.

At this time, Great Plains has not encountered impediments to efforts being made to release the excess capacity and will provide a detailed description of marketing efforts, when capacity releases were offered, amounts and prices offered but not accepted, and amounts released along with other payments received for those releases in its Informational Update Filing regarding Great Plains' 2020 Demand Entitlement Filing on or before November 1, 2020 as this information is not currently available.

Response Date: August 3, 2020

Response by: Travis Jacobson, Director of Regulatory Affairs

Email Address: <u>travis.jacobson@mdu.com</u>

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, 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 Comments

Docket No. G004/M-20-562

Dated this 29th day of September 2020

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.st ate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400	Electronic Service	Yes	OFF_SL_20-562_M-20-562
				St. Paul, MN 55101			
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_20-562_M-20-562
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St Bismarck, ND 58501	Electronic Service	Yes	OFF_SL_20-562_M-20-562
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_20-562_M-20-562
Generic Notice	Residential Utilities Division	residential.utilities@ag.stat e.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-562_M-20-562
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-562_M-20-562