The Commission met on **Thursday, August 6, 2020** with Chair Sieben and Commissioners Means, Schuerger, Sullivan, and Tuma present.

The following matters were taken up by the Commission:

G-004/GR-19-511
In the Matter of the Petition by Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., for Authority to Increase Natural Gas Rates in Minnesota

G-004/MR-19-512
In the Matter of the Application of Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., to Establish a New Base Cost of Gas and Reset the Purchased Gas Adjustment to Zero, to Coincide with the Implementation of Interim Rates in its General Rate Case Filing, in Docket No. G-004/GR-19-511

Commissioner Schuerger moved that the Commission:

1. Adopt the ALJ's Findings of Fact, Conclusions of Law, and Recommendations to the extent that the ALJ's Report is consistent with the decisions herein.

2. State that the final order in this docket shall contain summary financial schedules including: a calculation of Great Plains' authorized cost of capital, a rate base summary, an operating income statement summary, a gross revenue deficiency calculation, and a statement of the total allowed revenues. Direct parties to work with Commission staff to prepare such schedules for inclusion in the Order, should modifications be necessary to reflect the Commission's final decision.

3. Require Great Plains to make the following compliance filings within 30 days of the date of the final order in this docket:

    a. Revised schedules of rates and charges reflecting the revenue requirement and the rate design decisions herein, along with the proposed effective date, and including the following information:

        i. Breakdown of Total Operating Revenues by type;

        ii. Schedules showing all billing determinants for the retail sales (and sale for resale) of natural gas. These schedules shall include but not be limited to:

            1. Total revenue by customer class;

            2. Total number of customers, the customer charge and total customer charge revenue by customer class; and

3. For each customer class, the total number of commodity and demand related billing units, the per unit of commodity and demand cost of gas, the non-gas margin, and the total commodity and demand related sales revenues.

iii. Revised tariff sheets incorporating authorized rate design decisions;

iv. Proposed customer notices explaining the final rates, the monthly basic service charges, and any and all changes to rate design and customer billing.

b. A revised base cost of gas, supporting schedules, and revised fuel adjustment tariffs to be in effect on the date final rates are implemented.

c. A summary listing of all other rate riders and charges in effect, and continuing, after the date final rates are implemented.

d. A computation of the CCRC based upon the decisions made herein for inclusion in the final Order. Direct Great Plains to file a schedule detailing the CIP tracker balance at the beginning of interim rates, the revenues (CCRC and CIP Adjustment Factor) and costs recorded during the period of interim rates, and the CIP tracker balance at the time final rates become effective.

e. If final authorized rates are lower than interim rates, a proposal to make refunds of interim rates, including interest to affected customers.

4. Authorize comments on all compliance filings within 30 days of the date they are filed. However, comments are not necessary on Great Plains' proposed customer notice.

5. Direct that the written order memorializing these decisions may rearrange, reorganize, or renumber the items included as necessary for clarity; standardize or correct abbreviations, phraseology, punctuation, and format; and correct errors as necessary for consistency with the Commission's decision and may amend the ALJ's findings as necessary to be consistent with the Commission's decision.

6. Direct staff to draft an order consistent with the Commission's decisions with such changes necessary for organization, consistency, and clarity.

7. Extend the suspension period under Minn. Stat. § 216B.16, subd. 2(f), to allow an additional 60 days, until October 26, 2020, to make a final determination in this case.

The motion passed 5—0.

Commissioner Schuerger moved that the Commission:

1. Disallow the Minnesota Utility Investors (MUI) dues of $11,500.

2. Disallow the Edison Electric Institute (EEI) dues of $464.

3. Allow the $261,892 of incentive compensation included in Great Plains 2020 test year.

4. Require Great Plains to file an annual report on incentive compensation and refund to ratepayers all incentive compensation amounts approved by the Commission and included in base rates that are not paid out to employees under the program. To determine the amount of actual incentive compensation paid that is recoverable from ratepayers, the Company shall apply the 15 percent cap to each employee's salary. The annual Incentive Compensation Report shall include at a minimum the following:

    a. A description of the incentive compensation plan;

    b. The accounting of amounts of unpaid incentive compensation built into rates to be returned to ratepayers;

    c. An evaluation of the incentive plan's success in meeting its stated goals, including the payout ratio;

    d. A proposal for refund, if applicable; and

    e. Identification of each performance indicator and its associated scorecard information, such as the measure, the goal for various attainment levels (threshold, target, maximum), its funding weight and the actual result achieved; and to report the overall plan payout percentage attained relative to the target goal of 100%.

5. Require Great Plains to use a four-year amortization period for its rate case expenses and shall track any over-recovery of rate case expenses for credit to the revenue requirement in its next rate case.

6. Approve the Department recommended adjustment for the 2019 year-end update resulting in an increase to the test-year rate base of $930,854.

7. Take no action on cash working capital.

8. Take no action on benefits expense.

9. Take no action on subcontractor labor expense.

10. Approve Great Plains' proposed CIP expense of $566,621 as the basis for the CCRC base rate and require that any changes to the CCRA factor be determined in Great Plains 2020 annual CIP tracker and financial incentive proceeding.

11. Adopt the ALJ's Report with the corrections identified on page 16 of Volume 2 of the briefing papers to the ALJ's: Page 4 – Summary of Recommendation, Findings of Fact 134, and Recommendation 8.

12. Take no action on Continuation of Gas Utility Infrastructure (GUIC) Rider.

13. Take no action on bonus expense.

14. Require Great Plains to update the interest synchronization adjustment based on the Commission's decisions in this case.

15. Adopt Great Plains' updated base cost of gas as reflected in its July 8, 2020 Updated Base Cost of Gas (Compliance) filing and the Company's July 8, 2020 financial schedules reflecting the ALJ's recommendations.

16. Adopt Great Plains' related adjustments to late payment interest income and uncollectible accounts expense as reflected in the Company's July 8, 2020 financial schedules reflecting the ALJ's recommendations.

The motion passed 5—0.

Chair Sieben moved that the Commission:

i. Adopt the ALJ's recommendation of the following capital structure:

Capital	Percentage
Short Term Debt	4.053%
Long Term Debt	45.132%
Equity	50.815%
	100%

ii. Approve the ALJ recommendation of a Return on Short Term Debt of 3.693% and Return on Long Term Debt of 4.712%.

iii. Adopt the ALJ recommended Findings of Fact 159 through 167 in support of the recommended capital structure and cost of debt.

The motion passed 5—0.

Commissioner Tuma moved that the Commission adopt a Return on Equity of 9.53% as determined by the Commission.

The motion passed 5—0.

Commissioner Sieben moved that the Commission determine that some other overall cost of capital is appropriate and have the staff calculate the proper value, based on the component parts, for inclusion in the order.

The motion passed 5—0.

Commissioner Means moved that the Commission:

1. Adopt the ALJ's recommendations, as follows:

    a. Accept GP's sales forecast for test year 2020 as reasonable;

    b. Require GP to retain the data for customers even if there is a change in the rate structure; and

    c. Continue the compliance requirements set forth in Paragraph 16 of the 2015 Rate Case Order;

2. Incorporate the following corrections/modifications to the ALJ's findings into the Order:

    a. Correct the following typographical errors in Para 305:

        2020 projected total customers: ~~22,02807.40~~ 22,028 customers,

        2020 projected total transportation: ~~4,6675,000~~ 4,675,000 Dk;

    b. Modify Para. 324 by incorporating the Department's modifications as follows:

        324. Because of the lack of data available before 2004 and between 2004 and 2007, the DOC-DER also recommends that the Commission require GP to retain customer data such that, in the event the Company proposes different rate structures in the future, past data would remain available~~. to compare the different rate structures in subsequent rate cases~~. That is, going-forward, just because the Company decides to change the rate structure does not mean the customer's historical consumption data has changed or becomes unusable. GP agrees to this recommendation.

3. Adopt the ALJ's recommendations as follows:

    a. Based upon the agreement between GP and the Department, the Commission does not approve any of the CCOSSs that GP has presented in this case; and

    b. The Commission will accept Great Plains' agreement to incorporate the following changes to its proposed CCOSS in its next general rate case:

i. Classify and allocate Land and Land Rights (FERC Account No. 374) on the same basis as Distribution Plant;

ii. Classify and allocate Structures and Improvements (FERC Account No. 375) on the same basis as Distribution Plant;

iii. Classify and allocate Maintenance of Structures and Improvements (FERC Account No. 886) on the same basis as Distribution Plant;

iv. Classify and allocate Other Equipment (FERC Account No. 387) on the same basis as Distribution Plant;

v. Identify the customer classes that use special and expensive installations of measuring and regulating station equipment located on the distribution system and allocate the costs of Industrial Measuring and Regulating Station Equipment (FERC Account No. 385) and Maintenance of Measuring and Regulating Station Equipment-Industrial (FERC Account No. 890) to only those classes;

vi. Identify the customer classes that use large measuring and regulating stations located on local distribution systems and allocate the costs of Measuring and Regulating Station Expenses-Industrial (FERC Account No. 876) to only those classes; and

vii. Allocate Maintenance of Services (FERC Account No. 892) on the same basis as Services (FERC Account No. 380).

4. Modify the ALJ's finding Para 356 by incorporating the modification suggested by the Department as follows:

> 356. Finally, the Commission should require the Company to perform an improved minimum-size CCOSS using reliable and supported per-foot replacement costs for each type and size of installed distribution pipes, and file such a study in the next general rate case, as recommended by the DOC-DER.

The motion passed 5—0.

Commissioner Sullivan moved that the Commission:

1. Reject Great Plains' proposed basic customer service charge increases.

2. Reject Great Plains' billing method proposal.

3. Establish the rate for Interruptible Grain Drying at $230.

The motion passed 5—0.

Commissioner Sieben moved that the Commission approve a revenue apportionment that maintains the revenue apportionment established in existing rates.

The motion passed 5—0.

Commissioner Sieben moved that the Commission:

1. Approve the rate increases to Small Interruptible Sales and Small Interruptible Transport as proposed by Great Plains and recommended by the ALJ.

2. Approve Great Plains' Margin Sharing Credit as recommended by the ALJ.

3. Approve Great Plains' LARR and MAI changes and require Great Plains to update the LARR and MAI changes to reflect the Commission's final order on the Company's proposed margin sharing credit and any changes to the GUIC revenues.

4. Extend Great Plains RDM Pilot through December 31, 2021.

5. Approve the removal of the Large Interruptible Class effective January 1, 2021.

6. Does not establish an energy savings threshold.

The motion passed 5—0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: November 4, 2020

William Seuffert

Will Seuffert, Executive Secretary