October 18, 2024

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

RE: Comments of the Minnesota Department of Commerce
Docket No. G004/M-24-234

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

In the Matter of Great Plains Natural Gas Company's Demand Entitlement Filing (Petition)

The Petition was filed by Great Plains Natural Gas Company on June 28, 2024.

The Department recommends the Minnesota Public Utilities Commission (Commission):

- Accept the Company's design day estimate for 2024-2025 heating season.
- Approve Great Plains' proposal to release 8,291 Dth via capacity release on Viking for the 2024-2025 heating season;
- Require the Company in its 2025-2026 Demand Entitlement filing to provide the following information for the 5,000 Dth/day contract Great Plains included as part of its capacity release efforts for the 2024-2025 heating season.
  - whether the company can turn this VGT-FT-A 5,000 Dth/day capacity back with no penalty, or whether it will incur penalties from Viking;
  - whether the company cannot rollover and not renew some of the expiring 2027 FT-A capacity; and,
  - whether the company can decrease its excess capacity.

The Department also asks that the Company provide additional information in reply comments regarding the Department's question regarding the provision of service to customers whose demand exceeds the maximum allowed under Firm General Service Rate Schedule 70.

The Department will provide its final recommendations to the Minnesota Public Utilities Commission (Commission) after the Company files its Reply Comments and its November 1, 2024, compliance filing. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ Dr. Peter Wyckoff
Deputy Commissioner of Energy Resources

DT/JK/ad
Attachment

COMMERCE DEPARTMENT

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Division of Energy Resources

Docket No. G004/M-24-234

I. INTRODUCTION

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides its comments on the Demand Entitlement Filing (Petition) of Great Plains Natural Gas Company (GP, Great Plains, or the Company) in Docket No. G004/M-24-234.[1] Pursuant to Minn. R. 7825.2910, Subp. 2,[2] Great Plains filed a petition requesting a change in demand[3] on June 28, 2024.

Great Plains proposes a reduction of its overall demand entitlement based on a reduced design day for the upcoming 2024-2025 heating season. The reduced demand entitlement and design day are due to the anticipated transfer of service of Wahpeton, North Dakota customers from Great Plains' Minnesota system to the Montana-Dakota integrated gas system upon completion of the Wahpeton Expansion Project on November 1, 2024. Great Plains proposes to reduce its demand entitlement by increasing the capacity release on the Viking Interstate Pipeline. The Company also proposes amendments to the contracts it has on the Northern Natural Gas Pipeline. The Company's proposed changes will increase an average Residential customer's annual bill by an estimated 6.1% and an average commercial customer's annual bill by an estimated 6.5%.

The Department provides its initial recommendations below and will provide its final recommendations upon review of the Company's Reply Comments and its November 1, 2024, compliance filing.

II. PROCEDURAL HISTORY

Great Plains typically files a contract demand entitlement on an annual cadence. Rather than revisit the entire procedural history of this topic, the Department included this information for the years 2017 through 2023 in Attachment 3.

Two of the Commission's Orders are particularly relevant to this filing. The first is the Commission's Order Requiring Actions to Mitigate Impacts from Future Natural Gas Price Spikes, Setting Filing Requirements, and Initiating a Proceeding to Establish Gas Resource Planning Requirements in Docket

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[1] *In the Matter of Great Plains Natural Gas Company's Demand Entitlement Filing,* Great Plains Natural Gas Company, Demand Entitlement Filing, June 28, 2024, Docket No. G004/M-24-234, (eDockets) 20246-208068-01 (hereinafter "Petition").

[2] Minn. R. 7825.2910, Subp. 2: "Filing upon a change in demand. Gas utilities shall file for a change in demand to increase or decrease demand, to redistribute demand percentages among classes, or to exchange one form of demand for another."

[3] Also called entitlement, capacity, or transportation on the pipeline.

Nos. G999/CI-21-135, G008/M-21-138, G004/M-21-235, G002/CI-21-610, and G011/CI-21-611.[4] Ordering Paragraph 9 created the following reporting requirement:

> In future contract demand entitlement filings, the gas utilities in this docket shall discuss how changes to their pipeline capacity affect their supply diversity and, if pipeline capacity comes at a cost premium but increases supply diversity, provide a meaningful cost/benefit discussion of the tradeoff, including a comparison with the least-cost capacity option.

The second relevant Order is the Commission's Order in Docket No. G004/M-21-522 (21-522 Order),[5] in which the Commission approved the Company's proposed levels of demand entitlement and recovery of associated demand costs for the 2021-2022 heating season. Hence, Great Plains has not yet received Commission approval for its 2022-2023 or 2023-2024 proposed levels of demand entitlement or for the recovery of the costs associated with those dockets.[6]

The Department will discuss the new reporting requirement included in the February 17, 2023 Order and the potential effects of the 2022 and 2023 demand entitlement filings on GP's 2024 demand entitlement filing in the following section.

Great Plains filed its Petition on June 28, 2024 in the present docket, proposing a net decrease of 4,000 Dth/day from its current demand entitlement level.[7] The Company submitted its demand entitlement filing pursuant to Minn. R. 7825.2910, Subp. 2,[8] requesting a change in demand. The Company's filing includes a change to its design-day demand, in compliance with Minn. R. 7829.2910, Subp. 2.B.[9]

On September 18, 2024, the Commission issued its Second Notice of Extended Comment Period, with a deadline for initial comments of October 28, 2024.[10]

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[4] *In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers and In the Matter of the Petition by Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co. for Approval of Rule Variances to Recover High Natural Gas Costs from February 2021,* Minnesota Public Utilities Commission, Order, Docket Nos. G999/CI-21-135 and G004/M-21-235, (eDockets) 20232-193249-02, at 23 (hereinafter "February 17, 2023 Order").
[5] *In the Matter of Great Plains Natural Gas Co. 2021-2022 Heating Season Demand Entitlement Filing,* Minnesota Public Utilities Commission, Order, July 12, 2023, Docket No. G004/M 21-522, (eDockets) 20237-197407-01, at 1 (hereinafter "21-522 Order").
[6] See Docket Nos. G004/M-22-310 and G004/M-23-262.
[7] Petition at 1.
[8] Minn. R. 7825.2910, Subp. 2.
[9] Minn. R. 7825.2910, Subp. 2.B.
[10] *In the Matter of Great Plains Natural Gas Company's Demand Entitlement Filing,* Minnesota Public Utilities Commission, Second Notice of Extended Comment Period, September 18, 2024, Docket No. G004/M-24-234, (eDockets) 20249-210297-01.

III. DEPARTMENT ANALYSIS

Great Plains' proposal relative to its demand for pipeline capacity to serve its Minnesota-jurisdictional customers is to lower its design day estimated demand by 3,297 Dekatherms (Dth or Dk) per day from 34,975 Dth/day[11] to 31,678 Dth/day.[12] The reason Great Plains is lowering its 2024-2025 design day by 3,297 Dth/day is the anticipated transfer of service of Wahpeton, North Dakota customers from Great Plains' Minnesota system to the Montana-Dakota's integrated gas system upon completion of the Wahpeton Expansion Project on November 1, 2024.[13,14] Demand capacity of 3,700 Dth/day is currently allocated to Wahpeton customers.[15]

In response to this anticipated 3,297 Dth/day decrease in the Company's design day, Great Plains is proposing to increase the amount of firm capacity it sells via capacity release on the Viking Interstate Pipeline (Viking or VGT) from its current level of 4,291 Dth/day to 8,291 Dth/day.[16,17] The Company is not proposing to terminate any existing contracts with either of the two interstate pipelines with which it has existing contracts, Northern Natural Gas Interstate Pipeline (NNG) and Viking.[18] Great Plains' proposal relative to its contracted supply of pipeline capacity for service to communities it serves is to maintain the current amount of 38,145 Dth/day.[19]

The Company's initial estimate of the proposed changes in its supply-side resources will result in total demand costs from all source systems of approximately $6,920,451.[20] This represents an increase of $518,461/year from the July 2024 Purchased Gas Adjustment (PGA) filing.[21] On a percentage basis, Great Plains estimates it will increase a Residential customer's annual bill 6.1% and a commercial customer's annual bill 6.5%.[22]

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[11] Petition Exhibit B at 1.
[12] The Company provided a revised design-day requirement of 31,678 Dth/day in the Petition at 2 and Exhibit A.
[13] Petition at 5.
[14] Great Plains is a subsidiary of Montana-Dakota Utilities.
[15] Petition at 5.
[16] Capacity release is a service interstate pipelines provide to customers whereby the customer can sell some of its contracted capacity for a limited amount of time to another entity at a market-based price.
[17] For the area of the Company's system that was previously known as the North District, Great Plains requested that the Commission accept a 4,000 Dth/day increase in its expected capacity release for forward haul on the Viking system, for a total capacity release of 8,291 Dth/day. The capacity release results in a decrease in available capacity to serve firm customers who receive delivery from the VGT pipeline. The proposed capacity on the Viking system for the 2024-2025 heating season is 15,000 DK/day, a reduction of 4,000 Dk/day from the 2023-2024 heating season.
[18] Great Plains also contracts with NNG for interstate pipeline services. For the area of the Company's system that was previously known as the South District, Great Plains proposed no changes to its overall NNG capacity.
[19] Petition Exhibit B.
[20] Petition Table 1 at 4.
[21] *In the Matter of the 2024 Monthly PGA and Energy Cost Adjustment,* Great Plains Natural Gas Company, Purchased Gas Cost Adjustment (PGA) July 2024, June 27, 2024, Docket No. G004/AA-24-61, (eDockets) 20246-208007-01.
[22] Great Plains estimated that its proposal would cause an increase in rates of $0.4277/Dth, which results in an increase for residential customers of approximately $34.73 per year, assuming an annual usage of 81.2 Dth, and an increase for firm general service customers of approximately $186.48 per year, assuming an annual usage of 436 Dth. See Petition Exhibit C.

The Company's initial estimate of its overall 2024-2025 heating season reserve margin was 7.8%.[23]

Great Plains requested that the Commission allow recovery of the associated demand costs in the Company's monthly PGA effective November 1, 2024.

The Department's analysis of the Company's request includes the following areas:

- The design-day requirements;
- The proposed overall demand entitlement levels;
- The reserve margins;
- The PGA cost recovery proposals;
- Compliance with the February 17, 2023, Order; and,
- Firm General Rate Service 70.

A. DESIGN-DAY REQUIREMENTS

As indicated in Table 1 below and Department Attachment 2, the Company proposed to decrease its total design day demand estimate in Dth as follows:

Table 1: Great Plains' Design-Day Levels[24]

Pipeline & Area	Previous Design-day (Dth/day)	Proposed Design-day (Dth/day)	Change (Dth/day)	Percent Change
Crookston	3,805	3,769	(36)	(0.95%)
North-4	10,086	10,260	174	1.73%
Wahpeton	3,391	0	(3,391)	(100%)
Total Viking	**17,282**	**14,029**	**(3,253)**	**(18.82%)**
South District				
Total NNG	**17,693**	**17,649**	**(44)**	**(0.25%)**
Grand Total	**34,975**	**31,678**	**(3,297)**	**(9.43%)**

As shown on Petition Exhibit A, Great Plains calculated a projected design-day requirement of 31,678 Dth/day. This projection consists of 14,029 Dth/day for firm customers receiving natural gas from city gates interconnecting with VGT and 17,649 Dth/day for those firm customers receiving natural gas from city gates interconnecting with NNG.

[23] Petition at 3 and Exhibit A.
[24] The Department created the table from data provided in the demand entitlement filing for the 2023-2024 heating season in Docket No. G004/M-23-262 and in response to Department IR 1. See Department Attachment 4 for the Company's responses to Department IRs.

The Company used the same basic design-day method in this docket that the Commission has accepted in Great Plains' demand entitlement dockets 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.[25] In response to these 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.[26] 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."[27] 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."[28]

In its Petition, Great Plains stated the following:

> Great Plains continues to monitor 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 studies 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

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[25] 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, (eDockets) 5317726;
- the Department's July 31, 2009 Comments in Docket No. G004/M-08-1306, (eDockets) 20097-40360-01; and
- the Department's February 5, 2010 Comments in Docket No. G004/M-09-1262, (eDockets) 20102-46847-01.

Commission Staff's concerns are discussed in detail in their September 9, 2010 Briefing Papers, (eDockets) 20109-54247-03, which were contemporaneously submitted in each of these three dockets.

[26] 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 (eDockets) 20109-55024-02.

[27] 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 (eDockets) 20133-84795-01 and the Department's August 19, 2013 Comments in Docket No. G004/M-13-566 (eDockets) 20138-90392-01.

[28] *In the Matter of Great Plains Natural Gas Company's 2016-2017 Winter Heating Season Demand,* Minnesota Public Utilities Commission, Order, June 8, 2017, Docket No. G004/M-16-557, (eDockets) 20176-132654-01, at 1 (hereinafter "June 8, 2017 Order").

> 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 22,300 Minnesota customers and is intimately familiar with its customer's gas usage, conservation, and growth characteristics.[29]

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.[30]

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 is 31,678 Dth/day. After correcting for autocorrelation, the projected design-day changed to 31,868 Dth/day, or approximately by 190 Dth, which is a 0.6% 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, and with VGT for an annual FT-A service, as discussed in greater detail below.
- Capacity is usually added in larger "chunks" and for example, not specifically to account for the 190 Dth entitlement difference.
- The Company's reserve margin will account for the 190 Dth 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.[31]

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[29] Petition at 2.
[30] See the Department's August 27, 2015 Comments in Docket No. G004/M-15-645 at 4-5 (eDockets) 20158-113575-01, the Department's November 10, 2016 Response Comments in Docket No. G004/M-16-557 at 8 (eDockets)201611-126436-01, and the Department's November 29, 2017 Comments in Docket No. G004/M-17-521 at 4-8 (eDockets) 201711-137776-01.
[31] The data used by the Department is taken from Exhibit D of the Petition and prior demand entitlement filings.

A.1. Consolidated System (North and South District)

The Department multiplied the peak sendout per firm customer for the 2020-2021 heating season of 1.2792 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 2024-2025 heating season of 22,330 to arrive at an estimated design-day amount of 28,565 Dth/day. This amount is 3,113 Dth/day less than the Company's proposed design-day level of 31,678 Dth/day.

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 2024-2025 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 29 heating seasons. Whereas for the North District, the 1999-2000 heating season represented the highest peak sendout per firm customer in the previous 29 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 29 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 (historical North District number) by the expected number of firm customers for the 2024-2025 heating season of 22,330 to arrive at an estimated design-day amount of 34,214 Dth. This amount is 2,536 Dth more than the Company's proposed design-day level of 31,678 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 29 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 (historical South District number) by the expected number of firm customers for the 2024-2025 heating season of 22,330 to arrive at an estimated design-day amount of 33,935 Dth. This amount is 2,257 Dth more than the Company's proposed design-day level of 31,678 Dth/day.

A.2. Reasonableness of GP's Design-Day Analyses

As noted above, when the all-time peak-day sendout numbers are 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 2020-2021 heating season, Great Plains' service territory experienced a cold weather event. Great Plains had a peak sendout of 31,245 Dth, which was also below Great Plains' estimated design-day of 33,922 Dth.

During the 2018-2019 heating season, Great Plains' service territory experienced a cold weather event. Great Plains had a peak sendout of 30,320 Dth that year, 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, exploded. Great Plains also experienced 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 send out in recent history of 30,686 Dth in the 2022-2023 heating season, which was also below Great Plains' estimated design-day of 35,159 Dth.

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

B. PROPOSED OVERALL DEMAND ENTITLEMENT LEVEL

Regarding NNG capacity, Great Plains stated in its initial filing, as it has in prior years, that NNG's reallocation of TF12 base and TF12 variable services is not known until the November update and that the changes are not significant normally.[32] The reallocation changes are in accordance with NNG's tariff approved by the Federal Energy Regulatory Commission (FERC).[33] According to Great Plains in prior demand entitlement dockets, there is no deliverability difference between TF12 base and TF12 variable services, as both are firm throughput services, but TF12 base service is less expensive than TF12 variable service. Great Plains will provide this update in its November 1, 2024, filing.

Great Plains' current agreements with Viking are:

- Two 5-year FT-A annual contracts for 8,000 and 5,000 dekatherms respectively that will expire on October 31, 2027.[34]
- A 5-year FT-A seasonal contract for 2,000 Dth/day that will also expire October 31, 2027.[35]

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[32] Petition at 5.
[33] 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).
[34] Petition Exhibit B.
[35] *Id.*

- A 5-year FT-A annual contract with VGT for 5,000 Dth/day effective November 1, 2018.[36]
  - The Company extended that contract, and it is currently expiring October 31, 2028.
- A 10-year FT-A annual contract with VGT for 3,291 Dth/day effective November 1, 2022.[37]
  - Due to commercial demand that did not yet materialize, the Company successfully released 4,291 Dth/day on VGT for the 2023-2024 heating season.[38]
- Great Plains intends to release the combined excess VGT FT-A capacity of 8,291 Dth/day for the 2024-2025 heating season.[39]

Table 2 below provides a comparison of the Company's current and proposed overall level of entitlements.

Table 2: A Comparison of Great Plains' Current and Proposed Entitlements[40]

Pipeline	Current Entitlement (Dth/day)	Proposed Entitlement (Dth/day)	Change (Dth/day)	Percent Change
VGT	19,000	15,000	(4,000)	-21.05%
NNG	19,145	19,145	0	0.00%
Total	**38,145**	**34,145**	**(4,000)**	**-10.49%**

As indicated in Table 2 and in Department Attachment 1, the Company's proposal would result in a reduction of the overall demand entitlement level of 4,000 Dth/day.

The Department begins its review of the proposed demand entitlements for the 2024-2025 heating season with a comparison of the historical forecasted demand (design day) and overall demand entitlements (supply). Hence, Chart 1 illustrates the relationship between Great Plains' heating season firm capacity, capacity release, and design-day since 2015.

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[36] *In the Matter of Great Plains Natural Gas Co., a Division of MDU Resources Group Inc.'s (Great Plains) Demand Entitlement Filing,* Great Plains Natural Gas Company, Informational Update Filing, October 31, 2018, Docket No. G004/M-18-454, (eDockets) 201810-147475-01.

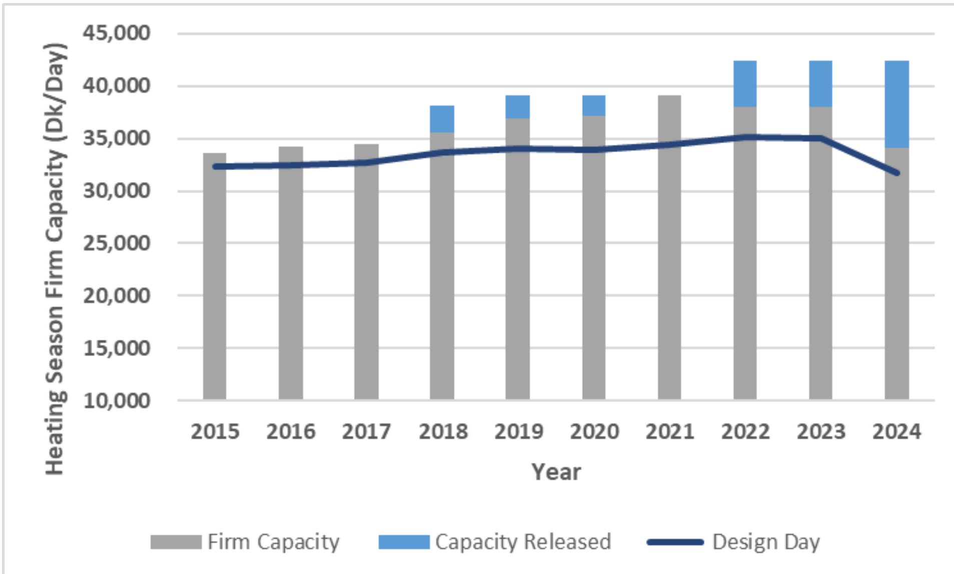
[37] *In the matter of Great Plains Natural Gas Co. 2022-2023 Heating Season Demand Entitlement Filing,* Great Plains Natural Gas Company, Demand Entitlement Filing, June 30, 2022, Docket No. G004/M-22-310, (eDockets) 20226-187089-01.

[38] Petition at 4.

[39] This higher release is due to the loss of 3,700 Dth/day of demand due to the loss of the Wahpeton load.

[40] Petition Exhibit B.

Chart 1 – Heating Season Firm Capacity, Capacity Release and Design Day 2015-2016 through 2024-2025 Heating Seasons[41]



As noted in Table 1, Great Plain's design day estimate for the 2024-2025 heating season is 31,678 Dk/day. That design day estimate is lower than every annual design day estimate since the 2015 – 2016 heating season. The transfer of the Wahpeton load from Great Plains to Montana-Dakota Utilities represents a significant decrease in Great Plains' design day. Described in economic terms, Great Plains' maximum demand decreased by 9.4% in one year.

The Company's strategy for supply since 2018 appears to be that it will purchase more pipeline capacity than it needs on Viking and then resell or release that capacity for the heating season. It has used capacity release to lower its firm heating season capacity in six of the past seven years.[42]

Great Plains explained that VGT's supply/demand situation is such that the Company has been able to sell that winter season capacity via capacity release for a higher rate than Viking's tariffed rate for the past few years. This additional revenue has been credited to ratepayers.

Table 3 summarizes the amount of capacity Great Plains released by year, VGT's tariffed rate at the time, and the amount of revenue GP received on behalf of its ratepayers for the capacity released.

[41] Department Attachment 2.

[42] The Company sold 2,600, 2,200 and 2,000 Dk/day via capacity release for the 2018-2019 through 2020-2021 heating seasons, respectively. Great Plains did not use the capacity release option for the 2021-2022 heating season and then re-started in the 2022-2023 heating season, releasing 4,291 Dk/day for the 2022-2023 and 2023-2024 heating seasons. The Company proposed to release 8,291 Dk/day for the 2024-2025 heating season.

Table 3 – Net Benefit of Capacity Release to Ratepayers 2018 – 2024 ($/yr)[43]

Year	Amount of Capacity Released (Dks.)	VGT tariffed rate ($/Dk)	Cost of VGT Capacity Released ($/yr)	Capacity Release Rate ($/Dk.)	Capacity Release Revenue ($/yr)	Net Benefit to Ratepayers ($/yr)
2018	2,600	$ 4.3706	$ 136,363	$ 2.1300	$ 27,690	$ (108,673)
2019	2,200	$ 4.3706	$ 115,384	$ 4.7507	$ 52,258	$ (63,126)
2020	2,000	$ 3.8060	$ 91,344	$ 3.9200	$ 39,200	$ (52,144)
2021	-	$ 3.8060	$ -		$ -	$ -
2022	4,291	$ 3.8060	$ 195,979	$ 13.5939	$ 291,657	$ 95,679
2023	4,291	$ 3.8060	$ 195,979	$ 16.4756	$ 353,484	$ 157,505
2024	8,291	$ 5.6200	$ 559,145	$ 5.6200	$ 232,977	$ (326,168)
Total						$ (296,927)

The results from the 2018, 2019, and 2020 efforts at capacity release in Table 3 provide an example of where the market price for the capacity released did not generate sufficient revenue to offset the cost of the capacity purchased. As a result, ratepayers' costs for that capacity were not fully recovered for those three years.

The annual net benefit of the Company's capacity releases efforts increased significantly in 2022 and 2023. The net benefit to ratepayers in 2024 from Great Plains' proposal to release an even larger amount for capacity release for the 2024-2025 heating season is estimated to be negative, assuming a capacity release rate that is equal to VGT's current tariffed rate. The Department is concerned that the Company is utilizing annual contracts to acquire firm capacity, for which ratepayers are paying the tariffed rate for 12 months of capacity, while the Company's capacity release approach generates revenue based on five months of seasonal release at an uncertain rate.

The Department provides these comments in late October 2024, without knowing the results of GP's effort to sell the 8,291 Dk/day via capacity release. Given this timing of events, the Department will not recommend a change to the Company's proposal to release the 8,291 Dk of capacity through capacity release for the 2024-2025 heating season. The competitive bidding process for that capacity release of firm capacity has already begun and is nearly complete. The Department's concerns are not sufficient to upset that process, but the Department will respond to the additional information regarding the capacity release provided in the Company's November 1, 2024 filing.[44]

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[43] All the information in Table 3 was taken from Great Plains' annual demand entitlement filings or updates except for the calculation of the net benefit to ratepayers. The Department calculated that amount by subtracting the demand charges associated with the capacity sold for the winter heating season. If the contract was a 12-month contract, the Department included the demand charges for the entire year.

[44] In a recent telephone conversation, Great Plains suggested to the Department that the market price it will receive for that excess capacity it is selling over the heating season will be higher than VGT's tariffed rate for the 2024-2025 heating season and that will likely result in a credit to ratepayers.

Considering a longer-term perspective, the Department is concerned regarding the difference between Great Plains' design day for communities served by VGT and the amount of firm capacity the Company has under contract on Viking. By the Department's calculation, Great Plains is proposing to sell almost 36% of its winter capacity on VGT for 2024-2025 via capacity release. While the Department recognizes that Great Plains faces certain operational constraints regarding its agreements with VGT, the imbalance between the Company's design day (demand) and the amount of firm capacity contracted (supply) is very large.

The Department understands that the Company is still hoping to increase demand for its services on VGT via a specific large customer who may take service from GP in 2025 or beyond. This customer's forecasted load would adsorb somewhere around half of the current excess capacity GP has on Viking. This same customer was the primary driver for the Company acquiring 3,291 Dk of firm capacity on Viking for a 10-year term in 2022.[45] Great Plains stated in the Petition that said customer would not be taking service in 2024 and at this time it is uncertain if the customer will be taking service in 2025.[46]

The Department also notes that it included a recommendation in its 22-310 Supplemental Comments in the Company's 2022-2023 Contract Demand Entitlement filing regarding this contract and customer:

> In the demand entitlement filings for the 2025-2026 heating season the Company not only provide updates on Customer #4, but also given its excess capacity situation, explain in detail as follows:
>
> - whether the company can turn this VGT-FT-A 3,291 Dth/day capacity back with no penalty, or whether it will incur penalties from Viking;
> - whether the company cannot rollover and not renew some of the expiring 2027 FT-A capacity;
> - whether the company can decrease its excess capacity;
> - how much of the capacity has been utilized to take advantage of the price differentials between Emerson and Ventura between November 1, 2022, and demand entitlement filings for the 2025-2026 heating season; and,
> - how much delivery capacity on NNG has been reallocated to NNG-connected communities because of using the new VGT FT-A contract,

[45] The Department notes that it recently filed supplemental comments in Great Plains' 2022-2023 Demand Entitlement filing (Docket No. G004/M-22-310) on October 16, 2024. In those supplemental comments, the Department recommended the Commission accept the Company's 2022-2023 proposed level of demand entitlement and allow recovery of those demand costs through the monthly PGA. That Department recommendation, if the Commission approves it, will approve the 3,291 Dk./day VGT contract that constitutes a significant portion of Great Plains' proposed capacity release for the 2024-2025 winter heating season. *See In the matter of Great Plains Natural Gas Co. 2022-2023 Heating Season Demand Entitlement Filing,* Department of Commerce, Supplemental Comments, October 16, 2024, Docket No. G004/M-22-310, (eDockets) 202410-211092-01, (hereinafter "22-310 Supplemental Comments").

[46] Petition at 4.

between November 1, 2022 to the demand entitlement filings for the 2025-2026 heating season.[47]

The Department also recommends a similar discussion in the Company's 2025-2026 Demand Entitlement filing for the 5,000 Dth/day contract Great Plains included as part of its capacity release efforts for the 2024-2025 heating season. The Department requests the discussion include the following:

- whether the company can turn this VGT-FT-A 5,000 Dth/day capacity back with no penalty, or whether it will incur penalties from Viking;
- whether the company cannot rollover and not renew some of the expiring 2027 FT-A capacity; and,
- whether the company can decrease its excess capacity.

The more important issue for the Department is that Great Plains should keep its supply and demand on Viking in relative balance. Ratepayers should not be asked to shoulder the risk associated with reselling 4,000 or 8,000 Dk of firm pipeline capacity (supply) on an ongoing basis, particularly when the Company's entire load on Viking is 15,000 Dk. Three of Great Plains' agreements representing 15,000 Dth with VGT will expire in 2027. Thus, the timing of this proposal coincides with that window for contract renegotiation or termination.

The Department will defer additional comments or specific recommendations on the excess capacity issue to its comments on GP's 2025-2026 Demand Entitlement filing. The Department does note that if the Company prefers to continue its current excess capacity strategy, the Department would likely recommend that the financial risk of that approach be shared between ratepayers and shareholders.

Regarding agreements the Company has executed with NNG, Great Plains proposes an amendment to the seasonal TF5 contract to annual TF12 base and variable contracts.[48] The contract amendment would eliminate the 3,410 Dth/day on the TF5 contract, with a corresponding increase on the TF12 contracts, resulting in no net capacity change.[49] The Company's rationale for the proposed change is "the need for this capacity during April and October when space heating load may still be high in Minnesota. Within the TF5 structure, Great Plains held 10,535 Dth/day of end-use delivery capacity during the months of April through October. Great Plains firm load regularly exceeds that amount."[50] While the TF5 contractual rate is higher than that of the TF12 base and variable contracts, the shift in capacity from the TF5 to the TF12 contracts increases overall demand charges to customers due to the additional seven months of the year (April through October). The Company indicated the total impact to customers is $144,153 for the year, or approximately $0.05/Dth, and "this cost impact is insignificant compared to any plausible incremental capacity project."[51] The Department finds the

[47] 22-310 Supplemental Comments at 7.
[48] Petition at 3.
[49] Petition Exhibit B at 1.
[50] Attachment 4 contains the Company's response to Department IR 4.A which addressed this topic.
[51] *Id.*

Company's approach to acquire additional shoulder-season firm capacity and the resulting cost impact to customers to be reasonable.

The Company will update its allocation of NNG TF12 base and TF12 variable capacity amounts in its upcoming November 1, 2024, filing.[52]

C. PROPOSED RESERVE MARGIN

Reserve margin is defined as the percentage by which the Company's demand entitlement exceeds its forecasted design day. Table 4 provides the reserve margin calculation for 2019 through 2025.

Table 4: Great Plains' Reserve Margin 2019 through 2025 (Percent)

Heating Season	Design Day (Dth/day) (a)	Total Entitlement (Dth/day) (b)	Reserve Margin (c) = (b-a)/a
2019-2020	34,066	36,945	8.45%
2020-2021	33,922	37,145	9.50%
2021-2022	34,398	39,145	13.80%
2022-2023	35,159	38,145	8.49%
2023-2024	34,975	38,145	9.03%
2024-2025	31,678	34,145	7.79%

Great Plains has proposed to decrease its reserve margin to 7.79%. 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, in its August 29, 2018 Comments, and in its August 1, 2019 Supplemental Comments in Docket No. G004/M-18-454.

The above margin appears acceptable (this amount already accounts for the entire capacity release of 8,291 Dth) and within the historical range in which the Company has operated since the 2006-2007 heating season.[53]

The last three reserve margin calculations in Table 4 are provisional in that they assume the Commission will approve the 38,145 Dth/day demand entitlement Great Plains proposed in Docket No. G004/M-22-310. As noted previously, the Department recently filed its 22-310 Supplemental Comments recommending the Commission accept the Company's proposed 2022-2023 demand entitlement levels.[54]

[52] Petition at 5.
[53] See Department Attachment 2.
[54] 22-310 Supplemental Comments at 7.

The Department concludes the Company likely has sufficient capacity to ensure firm reliability on a peak day. As discussed above, if the actual peak day send out per customer that occurred during the 2020-2021 heating season is representative of conditions that may occur during a future -25°F for 24-hours peak day, then the effective design-day figure may be lower than estimated, resulting in a greater effective reserve margin.

D. THE COMPANY'S PGA COST RECOVERY PROPOSAL

The demand entitlement amounts listed above from the Company's Petition represent the demand entitlements for which Great Plains' firm customers would pay. In its Petition, the Company used its July 2024 PGA to compare its proposed changes. Great Plains presented an analysis indicating that the Company's demand entitlement proposal would result in the following estimated annual rate impacts for customers[55]:

- An annual bill increase of $34.73 or approximately 6.1 percent, for the average residential customer consuming 81.2 Dth annually; and
- An annual bill increase of $186.48 or approximately 6.5 percent, for the average firm general service customer consuming 436 Dth annually.

The bill impacts described above should be considered estimates and relate solely to changes in demand cost and are based on the demand data and information provided by the Company. They also assume Great Plains receives Viking's tariffed rate for the winter season capacity the Company has offered through VGT's capacity release service.

Great Plains' demand cost and its cost recovery proposal are also affected by the 4,000 Dth increase in the amount of capacity released for the 2024-2025 heating season, and the loss of interruptible load from Wahpeton, North Dakota no longer being part of GP's system. The value of the interruptible credit declined by approximately $398,000 due to those changes ($867,619 to $469,665).[56]

E. COMPLIANCE WITH THE FEBRUARY 17, 2023 ORDER

The February 17, 2023 Order established the following requirement for demand entitlement filings in Order Point 9:

> In future contract demand entitlement filings, the gas utilities in this docket shall discuss how changes to their pipeline capacity affect their supply diversity and, if pipeline capacity comes at a cost premium but increases supply diversity, provide a meaningful cost/benefit discussion of the tradeoff, including a comparison with the least-cost capacity option.

[55] See Petition Exhibit C.
[56] Response to Department IR 2, information contained in IR 2 Attachment A included with Department Attachment 4.

The Department could not identify any information in the filing that was consistent with the Company complying with the above Order and Order Point. Hence, the Department submitted DER information request no. 6 to the Company regarding this topic. In response, the Company stated: “Great Plains did not refer to the effect of pipeline capacity changes to supply diversity because the Company did not make any changes that will impact receipt and delivery capacity during the upcoming heating season. Following the removal of Wahpeton from Great Plains’ system, the Company will have the same access to supplies, therefore, there is no effect to supply diversity.”[57]

In addition, the Company stated the following in its August 1, 2024, Annual Compliance Filing, as required by Order Point 15 of the February 17, 2023, Order, in response to Order Point 9:

> Due to the structured and long-term nature of Great Plains’ transportation contracts, changes to pipeline capacity do not regularly affect supply diversity. Great Plains takes advantage of its access to diverse supply receipts at six locations on Viking Gas Transmission (VGT) and NNG.
>
> Great Plains evaluates its transportation services portfolio when pipelines provide open season for available capacity. The Company is currently not seeking contracts for incremental capacity or changes to its transportation services portfolio.[58]

The Department requests that the Company include the required information in its demand entitlement filings moving forward, and if no changes to pipeline capacity impact supply diversity, then the Company should confirm this in its filings.

F. FIRM GENERAL RATE SERVICE 70

In Great Plains’ reply comments in Docket No. G004/M-22-310,[59] the Company stated the contribution for each of the customers whose demand formed the basis of its request to Viking for an additional 5,000 Dth/day of firm year-round capacity in that docket:

Customer Number	Dth/Day
1	440
3	134
4	3,984
Total	**4,588**

[57] Attachment 4 contains a copy of the Company’s response to Department IR 6.B.
[58] *In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers and In the Matter of the Petition by Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co. for Approval of Rule Variances to Recover High Natural Gas Costs from February 2021,* Great Plains Natural Gas Company, Annual Compliance Filing, August 1, 2024, Docket Nos. G999/CI-21-135 and G004/M-21-235, (eDockets) 20248-209166-01, at 4-5.
[59] *In the matter of Great Plains Natural Gas Co. 2022-2023 Heating Season Demand Entitlement Filing,* Great Plains Natural Gas Company, Reply Comments, December 28, 2022, Docket No. G004/M-22-310, (eDockets) 202212-191655-01.

The Department's 22-310 Supplemental Comments noted that the Company stated in response to a Department information request that Customer #4 would be taking service through its "firm general service rate 70 tariff and that the large volume customer load did not have signed contracts."[60]

The Department reviewed the Company's rate book that was filed February 26, 2021, in its most recent general rate case, Docket No. G004/GR-19-511, to identify the requirements for service under Firm General Service Rate 70. The Availability section of that tariff states:

> Service under this rate schedule is available to any firm general service customers whose maximum requirements <u>are not more than 2,000 cubic feet per hour</u>. See General Terms and Conditions, Paragraph 3, for definition on class of service. [emphasis added][61]

The Department estimates the upper limit for service under Firm General Rate Service 70 to be 2 Dth/hour or 48 Dth/day. The Department requests that Great Plains explain in its reply comments how a customer whose daily demand was 3,984 Dth (or 440 or 134 Dth/day) could be served under this tariff.

It appears that Great Plains' Firm General Rate Service 70 allows a large industrial customer to request service without the need to sign an agreement with the terms of the service or requiring a termination fee if the customer decides not to take service from Great Plains. That arrangement appears to provide a prospective large customer with a no-cost option relative to reserving firm capacity on Great Plains' system.

The Department considers the current arrangement to be inequitable to the Company's ratepayers, as they are the stakeholder who is incurring the cost of the prospective large customers' "no-cost" option.

The Company's experience with Customer #4 that was identified in Docket No. G004/M-22-310 may help illustrate the impact. Great Plains contracted for 3,291 Dth/day of year-round capacity in 2022 and 2023, primarily for that large customer. The Company's ratepayers paid $150,307 in each of those years, or $300,613 total, for that capacity.[62] Great Plains did include the contract for 3,291 Dth/day as part of its capacity release offerings in each of those years, receiving revenue of $231,357 in 2022 and $271,106 in 2023, for a total of $511,092.[63] The use of capacity release provided $210,479 in net benefits to ratepayers. In this example, Great Plains' ratepayers have not been financially harmed by the Company's decision to enter into that agreement, but ratepayers could be financially harmed if the

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[60] 22-310 Supplemental Comments at 4.
[61] *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,* Great Plains Natural Gas Company, Compliance Filing, February 26, 2021, Docket No. G004/GR-19-511, (eDockets) 20212-171351-01.

[62] 22-310 Supplemental Comments at 6.
[63] *Ibid.*

revenue provided via capacity release for the 2024-2025 winter season is below the total annual cost of the contract.

The Department will review the information the Company provides in its response comments before determining whether it will pursue this issue further.

IV. DEPARTMENT RECOMMENDATIONS

The Department recommends that the Commission:

- Accept the Company's design day estimate for 2024-2025 heating season.
- Approve Great Plains' proposal to release 8,291 Dth via capacity release on Viking for the 2024-2025 heating season;
- Require the Company in its 2025-2026 Demand Entitlement filing to provide the following information for the 5,000 Dth/day contract Great Plains included as part of its capacity release efforts for the 2024-2025 heating season:
    - whether the company can turn this VGT-FT-A 5,000 Dth/day capacity back with no penalty, or whether it will incur penalties from Viking;
    - whether the company cannot rollover and not renew some of the expiring 2027 FT-A capacity; and,
    - whether the company can decrease its excess capacity.

The Department also asks that the Company provide additional information in reply comments on the provision of service to customers whose demand exceeds the maximum allowed under Firm General Service Rate Schedule 70.

The Department defers its final recommendations until it has had the opportunity to review the Company's reply comments and November 1, 2024, compliance filing in this docket.

Comments Department Attachment 1
Docket No. G004/M-24-234
Great Plains Demand Entitlement Historical and Current Proposal

										Proposed As of 6/28/24			
Contract Type	2015-2016 Quantity (Mcf)	2016-2017 Quantity (Mcf)	2017-2018 Quantity (Mcf)	2018-2019 Quantity (Mcf)	2019-2020 Quantity (Mcf)	2020-2021 Quantity (Mcf)	2021-2022 Quantity (Mcf)	2022-2023 Quantity (Mcf)	2023-2024 Quantity (Mcf)	2024-2025 Quantity (Mcf)	Change in Quantity (Mcf)	Change in Capacity (%)	Change in Design Day (%)
VGT													
FT-A (12-month)	13,000	13,000	13,000	18,000	18,000	18,000	18,000	21,291	21,291	21,291	-		
FT-A (5-month)	2,700	3,400	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	-		
BP (5-month)	-	-	1,600	-	-	-	-	-	-	-	-		
Seasonal Capacity Release				(2,600)	(2,200)	(2,000)	-	(4,291)	(4,291)	(8,291)	(4,000)		
Total VGT	**15,700**	**16,400**	**16,600**	**17,400**	**17,800**	**18,000**	**20,000**	**19,000**	**19,000**	**15,000**	**(4,000)**		
NNG													
TFX (12-month)*	2,000	2,000	700	1,000	2,000	2,000	3,000	3,000	3,000	3,000	-		
TFX (5-month)	6,200	6,200	6,200	6,200	6,200	6,200	5,200	5,200	5,200	5,200	-		
TF12B	4,604	5,421	4,854	3,819	3,921	4,036	3,653	4,128	3,531	5,129	1,598		
TF12V	2,931	2,114	2,681	3,716	3,614	3,499	3,882	3,407	4,004	5,816	1,812		
TF5	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	3,410	-	(3,410)		
TFX (Capacity Release)	(1,300)	(1,300)	-	-	-	-	-	-	-	-	-		
Total NNG	**17,845**	**17,845**	**17,845**	**18,145**	**19,145**	**19,145**	**19,145**	**19,145**	**19,145**	**19,145**	**-**		
Total Entitlement	**33,545**	**34,245**	**34,445**	**35,545**	**36,945**	**37,145**	**39,145**	**38,145**	**38,145**	**34,145**	**(4,000)**	**-10.49%**	**-9.43%**
Total Annual Transportation	**22,535**	**22,535**	**21,235**	**26,535**	**27,535**	**27,535**	**28,535**	**31,826**	**31,826**	**35,236**	**3,410**	**10.71%**	
Total Winter Only Transport	**11,010**	**11,710**	**13,210**	**9,010**	**9,410**	**9,610**	**10,610**	**6,319**	**6,319**	**(1,091)**	**(7,410)**	**-117.27%**	
Percent of Winter Only Capacity	32.82%	34.19%	38.35%	25.35%	25.47%	25.87%	27.10%	16.57%	16.57%	-3.20%			

Source: Great Plains Exhibit B

Prepared by the Minnesota Department of Commerce

Comments Department Attachment 2
Docket No. G004/M-24-234
Great Plains Demand Entitlement Analysis*

	Number of Firm Customers			Design-Day Requirement			Total Entitlement Plus Peak Shaving			Reserve Margin	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Heating Season	Number of Customers	Change from Previous Year	% Change From Previous Year	Design Day (Dth)	Change from Previous Year	% Change From Previous Year	Total Design-Day Capacity (Dth)	Change from Previous Year	% Change From Previous Year	Reserve (7) - (4)	% Reserve [(7)-(4)]/(4)
2024-2025	22,330	(2,375)	-9.61%	31,678	(3,297)	-9.43%	34,145	(4,000)	-10.49%	2,467	7.79%
2023-2024	24,705	(85)	-0.34%	34,975	(184)	-0.52%	38,145	0	0.00%	3,170	9.06%
2022-2023	24,790	72	0.29%	35,159	760	2.21%	38,145	(1,000)	-2.55%	2,986	8.49%
2021-2022	24,718	293	1.20%	34,399	477	1.41%	39,145	2,000	5.38%	4,746	13.80%
2020-2021	24,425	109	0.45%	33,922	(144)	-0.42%	37,145	200	0.54%	3,223	9.50%
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			-0.04%			0.20%			0.07%		8.15%

	Firm Peak-Day Sendout			Per Customer Metrics			
	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Heating Season	Firm Peak-Day Sendout (Dth)	Change from Previous Year	% Change From Previous Year	Excess per Customer [(7) - (4)]/(1)	Design Day per Customer (4)/(1)	Entitlement per Customer (7)/(1)	Peak-Day Send per Customer (12)/(1)
2024-2025	unknown			0.1105	1.4186	1.5291	unknown
2023-2024	30,083	(603)	-1.97%	0.1283	1.4157	1.5440	1.2177
2022-2023	30,686	808	2.70%	0.1205	1.4183	1.5387	1.2378
2021-2022	29,878	(1,367)	-4.38%	0.1920	1.3917	1.5837	1.2088
2020-2021	31,245	2,794	9.82%	0.1320	1.3888	1.5208	1.2792
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			2.38%	0.1105	1.3502	1.4607	1.1201

*The Petition is the eighth 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

Great Plains Demand Entitlement Filings, Important Commission Orders since 2017

1. In its June 8, 2017, Order in Docket No. G004/M-16-557,[1] the Commission made the following disposition:
   a. Accepted the Company's proposed design-day method for the South District and the North District;
   b. 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
   c. Approved Great Plains' proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2016.

2. In its May 15, 2018, Order in Docket No. G004/M-17-521,[2] 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.

3. In its October 15, 2019, Order in Docket No. G004/M-18-454,[3] 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.

4. In its April 27, 2020, Order in Docket No. G004/M-19-430,[4] 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.

5. In its April 27, 2021, Order in Docket No. G004/M-20-562,[5] 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 and continued the requirements related to autocorrelation from the 16-557 Order.

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[1] *In the Matter of Great Plains Natural Gas Company's 2016-2017 Winter Heating Season Demand,* Minnesota Public Utilities Commission, Order, June 8, 2017, Docket No. G004/M-16-557, (eDocket No. 20176-132654-01), at 1.

[2] *In the Matter of a Petition by Great Plains Natural Gas Co. for Approval of Changes in Contract Demand Entitlements for the 2017-2018 Heating Season,* Minnesota Public Utilities Commission, Order, May 15, 2018, Docket No. G004/M-17-521, (eDocket No. 20185-143035-01), at 1.

[3] *In the Matter of Great Plains Natural Gas Co., a Division of MDU Resources Group Inc.'s (Great Plains) Demand Entitlement Filing,* Minnesota Public Utilities Commission, Order, October 15, 2019, Docket No. G004/M-18-454, (eDocket No. 201910-156559-01), at 1.

[4] *In the Matter of Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co. for Approval of Changes in Contract Demand Entitlements for the 2019-2020 Winter Heating Season,* Minnesota Public Utilities Commission, Order, April 27, 2020, Docket No. G004/M-19-430, (eDocket No. 20204-162491-01), at 1.

[5] *In the Matter of Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co. for Approval of Changes in Contract Demand Entitlements for the 2020-2021 Winter Heating Season,* Minnesota Public Utilities Commission, Order, April 27, 2021, Docket No. G004/M-20-562, (eDocket No. 20214-173432-01), at 1.

6. On February 17, 2023, the Commission issued its Order Requiring Actions to Mitigate Impacts From Future Natural Gas Price Spikes, Setting Filing Requirements, and Initiating a Proceeding to Establish Gas Resource Planning Requirements in Docket Nos. G999/CI-21-135, G008/M-21-138, G004/M-21-235, G002/CI-21-610, and G011/CI-21-611.[6] Ordering Paragraph 9 stated the following:

> In future contract demand entitlement filings, the gas utilities in this docket shall discuss how changes to their pipeline capacity affect their supply diversity and, if pipeline capacity comes at a cost premium but increases supply diversity, provide a meaningful cost/benefit discussion of the tradeoff, including a comparison with the least-cost capacity option.

7. In its July 12, 2023, Order in Docket No. G004/M-21-522,[7] the Commission approved the Company's proposed levels of demand entitlement and recovery of associated demand costs.

[6] *In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers and In the Matter of the Petition by Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co. for Approval of Rule Variances to Recover High Natural Gas Costs from February 2021,* Minnesota Public Utilities Commission, Order, February 17, 2023, Docket Nos. G999/CI-21-135 and G004/M-21-235, (eDocket No. 20232-193249-02), at 23.

[7] *In the Matter of Great Plains Natural Gas Co. 2021-2022 Heating Season Demand Entitlement Filing,* Minnesota Public Utilities Commission, Order, July 12, 2023, Docket No. G004/M 21-522, (eDocket No. 20237-197407-01) at 1.

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

Docket Number: G004/M-24-234 ☐Nonpublic Public
Requested From: Travis R. Jacobson, Great Plains Natural Gas Date of Request: 8/5/2024
Type of Inquiry: Financial Response Due: 8/15/2024

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).
Assigned Analyst{s): John Kundert; Daniel Tikk
Email Address{es): john.kundert@state.mn.us; Daniel.Tikk@state.mn.us
Phone Number{s): 651-539-1740; 651-539-1058

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 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 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. Please see the attached Microsoft Excel file Response No. 1 Attachment A.

B. In compliance with the determinations made in Docket No. G004/M-03-303 and its Agreement with the Department, Great Plains performed a regression analysis using 36 months of history in its design day methodology. Response No. 1 Attachment A determines an estimated firm design day delivery availability by regressing monthly historical customer billing data, and dekatherms by area and rate class, against heating degrees for the applicable months. The sample period consists of 36 months concluding with March 2024.

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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 Attachments A through Din 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 cites or IR number(s).

Response:

A. Please see the attached Microsoft Excel file Response No. 2 Attachment A for Exhibits A through D and supporting calculations.

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Information Request

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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:

A. Please explain in detail if the NNG contracts effective November 1, 2024 are at full rates or reflect any discounts.
B. Please separately provide the annual costs of the NNG contracts effective November 1, 2024, both inclusively with any capacity releases, and exclusively with no capacity releases.
C. Please separately provide the annual costs of the NNG contracts effective January 1, 2024, both inclusively with any capacity releases, and exclusively with no capacity releases.
D. Please explain in detail if the NNG contracts effective January 1, 2024 are at full rates or reflect any discounts.

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. All four transportation service contracts effective November 1, 2024 are at full rate.

B. The total annual reservation costs from NNG transportation service contracts are expected to be $6,078,581/year exclusive with no capacity releases and subject to base/peak/variable allocation. Capacity release credits vary from year to year and are not considered static.

Current vs. April 2024 Summary			
	Current	Proposed	
Contract	Contract Total	Contract Total	Increase
22307	$ 360,182.85	$ 360,182.85	$ -
21278	$ 1,730,382.89	$ 1,874,535.43	$ 144,152.54
123512	$ 2,557,451.00	$ 2,557,451.00	$ -
127797	$ 196,727.00	$ 196,727.00	$ -
21277	$ 1,322,218.00	$ 1,322,218.00	$ -
22588 (SMS)	$ 127,650.00	$ 127,650.00	$ -
	$ 6,294,611.73	$ 6,438,764.27	$ 144,152.54
NNG Contracts effective 11-01- 2024		$ 6,078,581.43	

C. Prior to rate case being filed, the total annual reservation costs from NNG transportation service agreements were $4,379,690/year exclusive with no capacity releases and subject to base/peak/variable allocation. Capacity release credits vary from year to year and are not considered static.

Northern Natural Firm - Prior to rate case				
	Billing Determinants	Rate	Months	Amount
TFX	15,000	$ 19.4710	5	1,460,325
TFX	13,000	$ 7.3030	7	664,573
TF12 Base	3,653	$ 7.3030	7	186,745
TF12 Base	3,653	$ 13.1450	5	240,093
TF12 Variable	3,882	$ 7.3030	7	198,452
TF12 Variable	3,882	$ 17.8180	5	345,847
TF5	3,410	$ 19.4710	5	331,981
TFX	3,000	$ 7.3030	7	153,363
TFX	8,200	$ 19.4710	5	798,311
TOTAL				4,379,690

D. All four transportation service contracts effective January 1, 2024 were at full rate.

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Information Request

Docket Number: G004/M-24-234 ☐Nonpublic Public
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Type of Inquiry: Financial Response Due: 8/15/2024

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).
Assigned Analyst{s): John Kundert; Daniel Tikk
Email Address{es): john.kundert@state.mn.us; Daniel.Tikk@state.mn.us
Phone Number{s): 651-539-1740; 651-539-1058

ADDITIONAL INSTRUCTIONS:
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Request Number:	**4**
Topic:	Proposed Amendment to NNG TFS contract to change it to annual TF12 and TF12 contracts
Reference{s):	Filing, page 3

Request:

A. Provide the analysis that supports this proposed change.
B. What is the forecasted change to customer's 2024-2025 demand cost?

Response:

A. The primary factor for the change to the referred annual TF12 structure is the need for this capacity during April and October when space heating load may still be high in Minnesota. Within the TF5 structure, Great Plains held 10,535 Dth/day of end-use delivery capacity during the months of April through October. Great Plains firm load regularly exceeds that amount.

   Options considered were 1.) to seek incremental capacity or 2.) to extend seasonal contracts to 12-month agreements. Extension to 12-months was the obvious choice pending an evaluation of cost impact. The cost impact question for consideration was, "is extension to 12-month more cost effective than incremental capacity?"

   The evaluation, as displayed below and in with an assumed annual firm load, resulted in a $144,153/year cost impact ($0.05/Dth). This cost impact is insignificant compared to any plausible incremental capacity project. This low cost modification validates the decision to transfer 5-month capacity to 12-month capacity. Please see Response No. 3 Attachment A for details.

   The numbers below will not match the recent DEQ filing because different rates were in place at the time this analysis was done.

NNG CURRENT Rates					
Contract	Rate	Demand	WINTER	SUMMER	Total
22307	FDD	4,640	$ 3.2345	$ 3.2345	$ 180,096.960
22307	FDD	267,547		$ 0.673	$ 180,085.886
21278	TF(12B)	3,531	$ 17.417	$ 9.676	$ 546,658.827
21278	TF(12V)	4,004	$ 23.609	$ 9.676	$ 743,851.108
21278	TF (5)	3,410	$ 25.799		$ 439,872.950
123512	TFX	13,000	$ 25.799	$ 9.676	$ 2,557,451.000
127797	TFX	1,000	$ 25.799	$ 9.676	$ 196,727.000
21277	TFX	7,200	$ 25.799		$ 928,764.000
21277	TFX	2,000	$ 25.799	$ 9.676	$ 393,454.000
22588 (SMS)		2,500	$ 4.255	$ 4.255	$ 127,650.000
TOTAL					$ 6,294,611.73

NNG Rates Eff. 04/2024 Forward *(Year Round 21278 capacity of 10,945)*					
Contract	Rate	Demand	WINTER	SUMMER	Total
22307	FDD	4,640	$ 3.2345	$ 3.2345	$ 180,096.960
22307	FDD	267,547		$ 0.6731	$ 180,085.886
21278	TF(12B)	5,129	$ 17.417	$ 9.676	$ 794,056.393
21278	TF(12V)	5,816	$ 23.609	$ 9.676	$ 1,080,479.032
21278	TF (5)	-	$ 25.799		$ -
123512	TFX	13,000	$ 25.799	$ 9.676	$ 2,557,451.000
127797	TFX	1,000	$ 25.799	$ 9.676	$ 196,727.000
21277	TFX	7,200	$ 25.799		$ 928,764.000
21277	TFX	2,000	$ 25.799	$ 9.676	$ 393,454.000
22588 (SMS)		2,500	$ 4.255	$ 4.255	$ 127,650.000
TOTAL					$ 6,438,764.27

Current vs. April 2024 Summary			
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Contract	Contract Total	Contract Total	Increase
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127797	$ 196,727.00	$ 196,727.00	$ -
21277	$ 1,322,218.00	$ 1,322,218.00	$ -
22588 (SMS)	$ 127,650.00	$ 127,650.00	$ -
	$ 6,294,611.73	**$ 6,438,764.27**	$ 144,152.54

Cost Per Dth for GPNG Firm Customers			
	CURRENT	PROPOSED	Increase
Firm Demand	3,081,379	3,081,379	
Demand Costs			
VGT	$ 1,010,462.55	$ 1,010,462.55	
NNG	$ 6,294,611.73	$ 6,438,764.27	
Overall	$ 7,305,074.28	$ 7,449,226.82	
Cost Per Dth	$ 2.37	$ 2.42	$ 0.05

B. The change in customer's costs are expected to be $1,698,891. See response to request 3 B-C and Response No. 3 Attachment A.

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Request Number:	**5**
Topic:	Proposed additional capacity release on Viking
Reference{s):	Filing, page 3

Request:

A. Please provide a narrative that explains the concept of capacity release.
B. Provide a copy of Viking's tariff regarding capacity release.

Response:

A. In the context of natural gas transportation service, capacity release refers to a process through which a transportation customer (becomes releasing party) may release its rights to use all or a portion of a transportation service agreement's receipt/delivery quantity. Consideration comes to the releasing party in the form of reservation credit provided by the transportation service provider. The transportation service provider is compensated in kind by the third-party who, through release, assumed the term-bound control of the capacity.

B. Please see Response No. 5 Attachment A.

Response No. 5 Attachment A

21. RELEASES OR ASSIGNMENTS OF FIRM TRANSPORTATION AGREEMENTS

A Shipper (herein referred to as "Releasing Shipper") under Rate Schedule FT-A may notify Company that Releasing Shipper desires to be relieved of all or a portion of the TQ as set forth in its then effective Firm Transportation Agreement. A release for the entire remaining term of the Releasing Shipper's Firm Transportation Agreement shall effect either a permanent assignment or a temporary release. If a Releasing Shipper elects a permanent assignment, the assignee ("Replacement Shipper") shall receive all contractual rights associated with the released capacity, including any rights of extension or first refusal associated with the assigned capacity.

If a Releasing Shipper elects a temporary release, all contractual rights associated with the released capacity, including any rights of extension or first refusal associated with the capacity, remain with the Releasing Shipper at the end of the term of the temporary release of all or part of the Releasing Shipper's Transportation Agreement to the Replacement Shipper.

21.1 Releasing Shipper's Request for Assignment

A Releasing Shipper that desires to release its rights to service on a basis that does not qualify for an exemption from prior posting pursuant to Subsection 21.3 of these General Terms and Conditions may post directly on Company's System the following information:

(a) Releasing Shipper's name and Firm Transportation Agreement number;

(b) the portion of the Releasing Shipper's TQ to be released (including any minimum acceptable quantity);

(c) the proposed commencement date and term of the release (including any minimum acceptable term);

(d) the amount of the firm capacity to be released at each Primary Point (the total receipt point capacity released shall be equal to the total delivery point capacity released);

(e) the reservation and/or usage rates and all other applicable rates, charges and surcharges for the released service, including any applicable Minimum Rate(s). For releases with a term of one year or less and the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release, the reservation and/or usage rates that may be bid may exceed the Maximum Rates for the applicable service being released as set forth on the applicable currently effective tariff sections;

(f) whether the transportation rights are to be released on a firm or recallable basis and, if on a recallable basis, the specific conditions for recall of the capacity; Pursuant to NAESB WGQ Standard Nos. 5.3.7 and 5.3.8: Company shall support the function of reputting by Releasing Shippers. Reput method and rights shall be specified at the time of the deal. Reput method and rights are individually negotiated between the Releasing Shipper and Replacement Shipper;

(g) whether contingent bids will be accepted for evaluation and, if so, whether the contingency can extend beyond the Bidding period; if the contingency may extend beyond the Bidding Period, whether, and for what time period, the next highest bidder will be obligated to acquire the capacity should the winning contingent bidder exercise its option not to take the capacity;

(h) whether the release is contingent on Releasing Shipper's ability to release associated capacity on another pipeline and, if so, all conditions associated with such contingency;

(i) whether bids based on a one part volumetric rate will be accepted and, if so, the method for evaluating one part rate bids vis-à-vis two part rate bids and any special conditions associated with release on a volumetric basis;

(j) any objective, non-discriminatory economic value standard (including tie-breaking methodology) which Releasing Shipper desires Company to utilize to determine the award of released transportation rights as an alternative to the method set forth in Subsection 21.6 of these General Terms and Conditions, including any alternative to the use of a lottery to choose between bids of equal value. If Releasing Shipper wishes such standard to permit more than one Replacement Shipper, Releasing Shipper must set forth the methodology to be used to select more than one winning bidder.

(k) the manner in which any refunds in rates and charges ordered by FERC with respect to the released capacity will be distributed by Releasing Shipper to Replacement Shipper;

(l) whether the Releasing Shipper has made prior arrangements with a person to release to such person such transportation rights ("Prearranged Bidder"). In such event, the Releasing Shipper additionally shall submit:

(i) the identity of the Prearranged Bidder;

(ii) the term, quantity and reservation and/or usage rates and all other applicable rates, charges and surcharges to which the Prearranged Bidder has agreed;

(iii) a statement that the Prearranged Bidder has agreed unconditionally to accept the transportation rights on the terms prescribed in the release; and

(iv) evidence that the Prearranged Bidder meets Company's creditworthiness requirement, unless the Releasing Shipper requests Company to waive the application of such requirement for the Prearranged Bidder and for other Bidders on a non-discriminatory basis and provides Company with a guarantee satisfactory to Company of all financial obligations of the Replacement Shipper under its Released Transportation Agreement prior to commencement of service to the Replacement Shipper.

(m) any other conditions of the release, including whether Releasing Shipper will require Replacement Shipper to indemnify Releasing Shipper in connection with the release, and if so, the terms of the indemnification.

21.2 Replacement Shipper's Request for Assignment

A Shipper that desires to acquire rights to certain transportation service may post on Company's System in accordance with Subsection 21.4(b) of these General Terms and Conditions, a Replacement Shipper's request to release capacity which shall contain the following information:

(a) Replacement Shipper's name;

(b) the TQ desired;

(c) the desired commencement date and term of the transportation service;

(d) the desired Primary Receipt and Primary Delivery Point capacity for the transportation service;

(e) whether Replacement Shipper is seeking firm or recallable service.

21.3 Releases Permitted Without Prior Posting

A Releasing Shipper may release some or all of its transportation rights without competitive bidding if its proposed release qualifies under this Subsection 21.3.

(a) Short-Term Release Election

Competitive bidding for released capacity will not be required if:

(i) the release term is for a period of 31 days or less;

(ii) the Releasing Shipper provides Company with the information specified in Subsections 21.1(a), (b), (c), (d), (e), (f), (k) and (m) of these General Terms and Conditions with respect to the short term release as soon as possible, but not later than the first nomination, after the release transaction commences; and

(iii) either the Releasing Shipper acts as agent for the Replacement Shipper with respect to the released capacity and agrees to remain directly liable for all rates, charges and surcharges associated with the released capacity, or prior to the commencement of service the short-term Replacement Shipper enters into a separate Released Transportation Agreement with Company incorporating the information required by Subsection 21.3(a)(ii) of these General Terms and Conditions and establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

Releases made pursuant to this Subsection 21.3(a) may not be rolled-over, renewed or otherwise extended beyond the term of the original capacity release described above in Subsection 21.3(a)(i) to the same Replacement Shipper unless the Releasing Shipper follows the prior posting and bidding procedures or the Replacement Shipper qualifies for any of the other exemptions from the prior posting and bidding procedures pursuant to Subsections 21.3(b), (c), and (d). The Releasing Shipper may use this Subsection 21.3(a) to release the capacity again to the same Replacement Shipper commencing 28 days from the end of the original release.

(b) Maximum Rate Prearranged Bidder

Competitive bidding for released capacity will not be required if a Prearranged Bidder has agreed to pay Company's maximum applicable rates and to the maximum term and quantity stated in the Release Request and the pre-arranged release is for a term of more than one year. Provided that:

(i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1(a), (b), (c), (d), (e) (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences; and

(ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

(c) Asset Manager

Competitive bidding for released capacity will not be required if a Prearranged Bidder is an asset manager as defined in 18 C.F.R. 284.8(h)(3). Provided that:

(i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1 (a), (b), (c), (d), (e), (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, the Releasing Shipper shall notify the Company of the volumetric level of the asset manager's delivery or purchase obligation and the time periods during which that obligation is in effect.

(ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

(d) Marketer participating in a state-regulated retail access program

Competitive bidding for released capacity will not be required if a Prearranged Bidder is a marketer participating in a state-regulated retail access program as defined in 18 C.F.R. 284.8(h)(4). Provided that:

(i) the Releasing Shipper provides Company with the information in accordance with Subsections 21.1(a), (b), (c), (d), (e) (f), (k) and (m) of these General Terms and Conditions as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, the Releasing Shipper shall notify the Company that the release is to a marketer participating in a state-regulated retail access program.

(ii) prior to the commencement of service the Prearranged Bidder enters into a Released Transportation Agreement with Company (a) incorporating the information required by item (i) above and (b) establishing creditworthiness in accordance with the same standards and procedures as are provided for Bidders in Subsection 21.5(a) of these General Terms and Conditions.

21.4 Posting of Release Requests and Replacement Shipper Requests

(a) Releasing Shipper shall post all applicable information required by Subsection 21.1 of these General Terms and Conditions on Company's System, which system will automatically assign an individual release number to such release. The period of time for posting of the information ("Posting Period"), and the period of time during which bids will be received on such release ("Bidding Period"), shall be as set forth in Subsection 21.8 of these General Terms and Conditions.

(b) Releasing Shipper may withdraw its release up to the close of the applicable Bidding Period; provided, however, withdrawal will not be allowed if a valid bid(s) meeting the Releasing Shipper's minimum requirements has been submitted unless such Releasing Shipper can demonstrate a valid basis for such withdrawal which does not work to unduly discriminate against Bidders.

The releasing party has the right to withdraw its Offer during the bid period, where unanticipated circumstances justify and no minimum Bid has been made. [5.3.16]

(c) Replacement Shipper shall post all applicable information required by Subsection 21.2 of these General Terms and Conditions on Company's System. Such requests shall remain posted for a period of four weeks or until a transaction is effected, whichever is the shorter period.

(d) Company shall post Offers and Bids, including prearranged deals, upon receipt. A Releasing Shipper may request a later posting time for posting of such Offer, and the Company shall support such request insofar as it comports with the standard Capacity Release timeline specified in NAESB WGQ Standard No. 5.3.2. [5.3.24] Company makes no representation or warranty to any party concerning the accuracy or completeness of any posted information or concerning the willingness or ability of any Releasing Shipper to release transportation rights hereunder or of any Replacement Shipper to accept transportation rights hereunder. Company shall not be liable to any party for any damages, of any nature whatsoever, including without limitation any special, incidental, or consequential damages or any other kind that may arise in connection with the posting of information hereunder, except that resulting from the negligence, bad faith, fraud or willful misconduct of Company.

(e) Company may refuse to allow a permanent capacity release if it has a reasonable basis to conclude that it will not be financially indifferent to the release. If Releasing Shipper's request to permanently release capacity is denied, Company shall notify Releasing Shipper in writing of the reason for such denial.

21.5 Bidding for Transportation Rights

(a) Persons that desire to bid on released transportation rights must pre-qualify with Company by entering into a Released Transportation Agreement with Company and by demonstrating creditworthiness, in the same manner and subject to the same standards and procedures as required for firm Shippers under Section 22 of these General Terms and Conditions. The creditworthiness requirement shall be continuing in nature in the same manner and to the same extent as prescribed for firm Shippers under Subsection 22.3.1 of these General Terms and Conditions. Company will waive the creditworthiness requirement on a non-discriminatory basis for Bidders on a release, and permit them to submit Bids, if the Releasing Shipper provides Company with a guarantee satisfactory to Company of all financial obligations of the Replacement Shipper under its Released Transportation Agreement prior to the commencement of service to the Replacement Shipper.

(b) Bidders prequalified pursuant to Subsection 21.5(a) of these General Terms and Conditions may submit Bids during the Bidding Period applicable to a release. All bids must be submitted via Company's System. In transmitting a Bid, Bidders recognize that such Bids will be accessible by other Bidders through the System; provided that the System will be programmed such that upon submission all Bids will be assigned a Bid number and the identity of the Bidder will not be revealed during the Bidding Period. Bidding will be an iterative process in that a Bidder may submit any number of Bids during the Bidding Period; provided that each new submission of a Bid effects the withdrawal of the previous one such that a Bidder may not have more than one Bid in contention for the capacity at the same time. If a Bidder withdraws its Bid by resubmitting a new one, such new Bid must be at a higher rate. Pursuant to NAESB WGQ Standard Nos. 5.3.13, 5.3.14, 5.3.15: Bids shall be binding until notice of withdrawal is received by the Company on its Customer Activities Web site. Offers shall be binding until notice of withdrawal is received by the Company on its Customer Activities Web site. Bids cannot be withdrawn after the bid period ends.

Bids must contain the information set forth on Company's Web Site (www.oneok.com/vgt), including:

(i) the identity of the Bidder (which will be concealed during the Bidding Period);

(ii) the Firm Transportation Agreement number of the Releasing Shipper and release number to which the Bid relates;

(iii) the bid rate(s) that the Bidder is willing to pay for the released transportation rights, which shall be no less than any minimum bid rate(s) specified in the release;

(iv) the quantity applicable to the Bid, which must be no less than the minimum specified in the release;

(v) the term for which the Bidder wishes to obtain the transportation rights, which must be the same as the term specified in the release, or be no less than any minimum term specified in the release; and

(vi) whether the Bid is contingent and, if so, the basis for the contingency.

All bids must be for the receipt and delivery points specified in the release. The receipt and delivery points awarded a Replacement Shipper in accordance with this Section shall be specified on its Transportation Agreement. Replacement Shipper shall be eligible for the use of secondary points in accordance with the priority afforded the released transportation in accordance with Subsection 3.5 of these General Terms and Conditions.

21.6 Determination of Successful Bidder

Company shall determine the successful bidder in accordance with the following procedures:

(a) If the release specifies an economic value standard for the award of released transportation rights, Company shall apply such standard including any designated tie-breaking procedure if necessary, to determine the successful Bidder. Company's application of Releasing Shipper's economic value standard shall result in as many successful bidders as mandated thereby.

For the capacity release business process timing model, only the following methodologies are required to be supported by Company and provided to Releasing Shippers as choices from which they may select and, once chosen, shall be used in determining the Awards from the Bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. [5.3.3]

Other choices of bid evaluation methodology (including other Releasing Shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of the Company. However, the Company is not required to offer other choices or similar timeline treatment for other choices, nor, is the Company held to the timeline should the Releasing Shipper elect another method of evaluation. [5.3.3]

(i) If the Present Value Method is chosen in the release, Company shall evaluate the Bids and award the capacity based on the following procedures. Company shall determine the bid or bids having the highest present value ("PV") based on the following formula:

$$PV = (\text{Bid Rate}) \times (\text{Bid Quantity}) \times \frac{1-(1+i)^{-n}}{i}$$

where

Bid Rate = for firm releases, the reservation charge which the Bidder has agreed to pay; for interruptible releases, the usage charge which the Bidder has agreed to pay.

Bid Quantity = the quantity stated in the Bid.

i = interest rate per month (which shall be the then current maximum yield on five year U.S. Government Treasury notes divided by 12), (Company will post the current Treasury note rate on its System); and

n = the lesser of (i) the term proposed by the Bidder or (ii) 60 months.

(ii) If the net revenue method is chosen, Company shall determine the bid or bids having the highest net revenue (NR) using the following formula:

NR = (Bid Rate) * (Bid Term) * (Bid TQ)

where

Bid Rate = the daily charge which the Bidder has agreed to pay; for reservation rate bids, the charge is calculated by multiplying the bid rate received from the Bidder by 12/365.

Bid Term = the term proposed by the Bidder in days.

Bid TQ = the TQ stated in the Bid measured in Dekatherms.

(b) If a release includes a Prearranged Bidder, then the released transportation rights shall be awarded to the Prearranged Bidder if its Bid either (a) is equal to or is higher than the Bid with the greatest economic value under the standard submitted by the Releasing Shipper, or (b) has a rate which is equal to or higher than the highest rate of the Bids submitted by all other Bidders, or (c) if the Prearranged Bidder agrees to match any Bid having a greater economic value or higher rate, as applicable, within the time period provided by Subsection 21.7 of these General Terms and Conditions.

(c) If only one Bidder has submitted a Bid which reflects either the greatest economic value or highest rate, as applicable, then the transportation rights shall be awarded to that Bidder, subject to any Prearranged Bidder's exercise of its right of first refusal (matching) as set forth above.

(d) If two or more Bidders have submitted Bids which reflect the greatest economic value or the highest rate, as applicable, then, subject to any Prearranged Bidder's exercise of its right of first refusal, the released transportation rights will be awarded on the basis of a lottery that is limited to such Bidders, unless the Releasing Shipper has specified an alternative means for awarding the released capacity as between two or more equal bids ("alternative tie breaker"). The winner of the lottery or alternative tie breaker shall be awarded the transportation rights for which it has submitted a Bid. Company will conduct the lottery or alternative tie breaker in a non-discriminatory manner.

(e) Company's application of Company's present value formula and the lottery shall result in only one successful Bidder per release.

When the Company makes awards of capacity for which there have been multiple Bids meeting minimum conditions, the Company shall award the Bids, best Bid first, until all offered capacity is awarded. [5.3.4]

(f) For informational purposes only, Company shall post on its System the identity of the winning bidder and the terms of the successful bid.

(g) Prior to the commencement of service pursuant to the release, Company shall prepare and transmit to the successful Bidder a Transportation Agreement stating the quantity, rates, term, MDQ at all Primary Receipt Points and the MDQ at all Primary Delivery Points, governing rate schedule, and any special terms and conditions for each awarded release. Releasing Shipper's Transportation Agreement will be amended to reflect that the Releasing Shipper has released all or a portion of its transportation rights.

(h) Company shall not award capacity release offers to Replacement Shipper until and unless Replacement Shipper meets Company's creditworthiness requirements applicable to all services that it receives from Company, including the service represented by the capacity release. [5.3.59]

21.7 Applicable Deadlines

The capacity release timeline applies to all parties involved in the capacity release process provided that: 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Company with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. [5.3.1]

Further, the Company may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the Company). [5.3.1]

(a) Releasing Shipper shall post the release on Company's System. The standard capacity release administrative timeline is as follows (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

(b) For biddable releases (1 year or less) [5.3.2]:

- Offers shall be tendered such that they can be posted by 9:00 a.m. on a Business Day.

- Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.

- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.

- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.

- The contract is issued within one hour of the Award posting (with a new contract number, when applicable).

- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than 1 year):

- Offers shall be tendered such that they can be posted by 9:00 a.m. on a Business Day.

- Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

- Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.

- If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.

- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the Award is posted by 12:00 Noon.

- The contract is issued within one hour of the Award posting (with a new contract number, when applicable).

- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

○ Timely Cycle	12:00 Noon
○ Evening Cycle	5:00 p.m.
○ Intraday 1 Cycle	9:00 a.m.
○ Intraday 2 Cycle	1:30 p.m.
○ Intraday 3 Cycle	6:00 p.m.

- The contract is issued within one hour of the Award posting (with a new contract number, when applicable).

- Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

21.8 Reassignment of Released Capacity

A Replacement Shipper shall be allowed to release the capacity under its Released Transportation Agreement, provided that the re-release is not inconsistent with the original Releasing Shipper's release. A Replacement Shipper seeking to re-release capacity will be subject to the same terms and conditions set forth in this Section that apply to Releasing Shippers as well as any limitations established in the original release of capacity.

The Company shall allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations). [5.3.19]

21.9 Submission of Information

Shippers shall submit all necessary information, releases, Replacement Requests and bids to Company via Company's System.

21.10 Marketing of Released Capacity

Company shall have no obligation to market any capacity available to be released by a Releasing Shipper. Company, however, may agree to market capacity for a Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service.

21.11 Further Conditions on Release of Transportation Rights

(a) Persons participating in this release program agree to be bound by and shall comply with the terms and conditions of this Tariff, and all applicable FERC rules, orders and regulations.

(b) All terms and conditions in all releases must be objectively stated, applicable to all Bidders and non-discriminatory.

(c) The minimum term for any release shall be one day and the maximum term shall be the remaining term of the Releasing Shipper's Released Transportation Agreement.

(d) For volumetric releases with a term of more than one year, or for volumetric releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the Maximum Rate shall not exceed the daily demand rate for the released capacity. Such Maximum Rate for volumetric releases only applies to the reservation portion for the rate; the Replacement Shipper will also be liable for all applicable usage charges. The Maximum Rates for all other releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release shall be the applicable maximum reservation rate and commodity rate, as well as all other applicable rates, charges and surcharges set forth in this Tariff, notwithstanding any discount to such rates, charges or surcharges then in effect for the Releasing Shipper. To the extent the Commission has a policy providing a Maximum Rate ceiling for capacity releases, for a Shipper that is a Consenting Party under the terms and conditions of the Docket No. RP02-132-000 Stipulation and Agreement, the Maximum Rate ceiling for capacity releases, regardless of the term of the underlying contract, shall be the Category 1 rate applicable to the Rate Schedule of the underlying contract.

(e) All terms and conditions of all releases must be consistent with the terms and conditions of the Releasing Shipper's Agreement and with this Tariff, including the provisions on nominations and scheduling of service and curtailment of service.

(f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. For the recall notification provided to Company, Company's Tariff shall specify whether the quantity should be expressed in terms of (i) total released capacity entitlements or (ii) adjusted total released capacity entitlements based upon the Elapsed Prorata Capacity. The capacity entitlements resulting from the use of either (i) or (ii) should be the same. [5.3.55] The recall notification to Company shall specify the quantity in terms of total released capacity entitlements.

Company shall support the following recall notification periods for all released capacity subject to recall rights (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17) [5.3.44]:

(i) Timely Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due.

Company shall provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due.

(ii) Early Evening Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due.

Company shall provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due.

(iii) Evening Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due.

Company shall provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due.

(iv) Intraday 1 Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due.

Company shall provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due.

(v) Intraday 2 Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due.

Company shall provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due.

(vi) Intraday 3 Recall Notification:

A Releasing Shipper recalling capacity shall provide notice of such recall to Company and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due.

Company shall provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

(g) Company may invalidate any release or any bid subsequent to its posting on its System which does not conform in all respects to the requirements of Company's Tariff and such invalidated release or bid shall be deemed null and void.

(h) Notwithstanding any release hereunder, all Releasing Shippers shall remain responsible for payment of the reservation charge for firm transportation service released. The Releasing

Shipper shall receive a reservation credit equaling the reservation dollars which Company receives from the Replacement Shipper. The Releasing Shipper will receive credit at the same time Company invoices the Replacement Shipper for the released capacity, provided, if the Replacement Shipper defaults and Company must seek payment from the Releasing Shipper, Company will assess the Releasing Shipper interest at the FERC approved rate. A reservation rate for the purposes of this Section consists of (i) the base reservation rate, and (ii) all applicable surcharges, provided that for releases made on a volumetric basis, the reservation charge shall equal the daily reservation rate multiplied by the applicable quantity plus all applicable surcharges. Any discount from said rate comes first off the surcharges and then off the base reservation rate. Therefore, a Releasing Shipper paying a discounted rate is only entitled to receive any revenues from the release of its capacity that exceed the amount of the applicable surcharges. Company shall adjust the Releasing Shipper’s reservation credit to the extent necessary to implement the reservation charge credits set forth in Section 34 of these General Terms and Conditions. In no event shall the reservation charge credits set forth in Section 34 of the General Terms and Conditions plus any reservation credits provided under this Section 21.11 exceed in total, with respect to the Releasing Shipper and Replacement Shipper(s) combined, the total amount invoiced by Company to such Releasing Shipper and Replacement Shipper(s) combined.

(i) Company shall bill Replacement Shipper based upon the rates, charges and surcharges incorporated by Exhibit into the Released Transportation Agreement. For releases with a term of more than one year, or for releases with a term of one year or less that will take effect more than one year from the date Releasing Shipper notifies the Company of the release, the commodity charges for the Replacement Shipper will include the maximum commodity rate under the applicable rate schedule including all adjustments. If the Replacement Shipper fails to pay all or any portion of any bill by the due date specified on the invoice, Company shall send an invoice to the Releasing Shipper for all unpaid amounts up to the amount of the Releasing Shipper's reservation charge, which the Releasing Shipper shall pay to Company with interest thereon, which interest shall be calculated from the date which Company credited the Releasing Shipper for the applicable reservation charges in accordance with the above.

As a courtesy to Releasing Shipper, Company shall endeavor to notify Releasing Shipper of the Replacement Shipper's failure to pay its bill in full when due after Company becomes aware of such failure; provided, however, that Company's inability or failure to provide notice to Releasing Shipper shall not excuse Releasing Shipper from making timely and full payment of the applicable reservation charges. Releasing Shipper shall be responsible for obtaining reimbursement for any such payment from Replacement Shipper. Failure of either the Replacement Shipper or Releasing Shipper to pay bills shall entitle Company to exercise the remedies available under the Firm Transportation Agreement and this Tariff, including suspension of service to the Releasing Shipper and the Replacement Shipper, as well as any other remedies available to Company.

(j) Any increase in Company's rates, charges and surcharges shall remain the responsibility of the Releasing Shipper; provided, however, that the Releasing Shipper may provide in its release for the rates, charges or surcharges for released transportation rights to increase in accordance with any such increases in Company's rates, charges and surcharges. In either circumstance, any refunds of any rates or charges ordered by the FERC shall be paid by Company to the Releasing Shipper and distributed to the Replacement Shipper in the manner specified in the release and incorporated in the Released Transportation Agreement. For releases not subject to the Maximum Rate, i.e., with a term of one year or less and the release is to take effect on or before one year from the date on which the Releasing Shipper notifies the Company of the release, the rate paid by the Replacement Shipper will be deemed to be a final rate and is not subject to refund.

(k) The Replacement Shipper's service under a release shall be subject to and governed by the terms and conditions of the Releasing Shipper's Firm Transportation Agreement and governing rate schedule and the Released Transportation Agreement.

(l) Company shall accept nominations, schedule service, afford priority of service and curtail service based on instructions and communications from the Releasing Shipper and the Replacement Shipper which are consistent with one another and with the terms and conditions of Company's Tariff and their respective Firm Transportation Agreements. In the event that instructions or nominations from the Releasing Shipper and Replacement Shipper are, in Company's sole opinion, inconsistent or conflicting, Company shall use reasonable efforts to contact the Releasing Shipper and Replacement Shipper to resolve the conflicting communications. In the event Company is unable to resolve the conflict prior to the time that it must take the required action, Company shall comply with the instructions of the Releasing Shipper; provided however that such instructions must not be inconsistent with Company's Tariff or the terms of either the Releasing Shipper's or

Replacement Shipper's Firm Transportation Agreement, in Company's sole opinion. The Releasing Shipper will indemnify Company against any claim or suit by the Replacement Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the Releasing Shipper's nominations and instructions and will hold Company harmless for any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper. The Replacement Shipper will indemnify Company against any claim or suit by the Releasing Shipper, its successors or assigns, arising from any action taken by Company in reliance upon the nominations and scheduling instructions of the Replacement Shipper and will hold Company harmless for any actions taken by Company in reliance upon the instructions of the Releasing Shipper.

21.12 Nondiscrimination

Company will consider requests for release and bids on a nondiscriminatory basis.

21.13 Request to Purchase Releasable Capacity

Under this Section 21, Company shall provide the ability for a potential Replacement Shipper to communicate to potential Releasing Shippers, through the Company, a request to purchase capacity that is releasable. Such request shall be provided to Company electronically and shall include, at a minimum, the following types of information: contact information, quantity(ies) requested, date range, location information, other terms and conditions specified by the potential Replacement Shipper, and any additional information as required by Company. Company shall post on its Informational Postings Web site under the Notices category, pursuant to NAESB WGQ Standard No. 4.3.23, instructions on how a request shall be electronically provided to Company. [5.3.73]

Company shall post such request on its Informational Postings Web site as a Notice identified by a NAESB-defined Notice Type that indicates that it is a request to purchase capacity through the capacity release process and such Notice shall be provided pursuant to NAESB WGQ Standard No. 5.4.16. [5.3.73] Company shall post such request for the period requested by the potential Replacement Shipper.

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

☐Nonpublic IXI Public

Docket Number: G004/M-24-234

Requested From: Travis R. Jacobson, Great Plains Natural Gas
Type of Inquiry: Financial

Date of Request: 9/26/2024
Response Due: 10/7/2024

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).
Assigned Analyst(s): John Kundert, Daniel Tikk
Email Address(es): john.kundert@state.mn.us, daniel.tikk@state.mn.us
Phone Number(s): 651-539-1740; 651-539-1058

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:	**6**
Topic:	Compliance with Reporting Requirement in Commission Order in Docket No. G004/M-21-235
Reference(s):	Great Plains Natural Gas Co., a Division of Montana-Dakota Utilities Co., (Great Plains, GP, or Company) Demand Entitlement Filing

Request:

The Minnesota Public Utilities Commission (Commission) in its Order Requiring Actions to Mitigate Impacts from Future Natural Gas Price Spikes, Setting Filing Requirements, and Initiating a Proceeding to Establish Gas Resource Planning Requirements in Docket Nos. G999/CI-21-135, G008/M-21-138, G004/M-21-235, G002/CI-21-610, and G0ll/CI-21-611.[8] Ordering Paragraph 9 stated the following:

> In future contract demand entitlement filings, the gas utilities in this docket shall discuss how changes to their pipeline capacity affect their supply diversity and, if pipeline capacity comes at a cost premium but increases supply diversity, provide a meaningful cost/benefit discussion of the tradeoff, including a comparison with the least-cost capacity option.

The Department's review of the Company's filing didn't identify this information.

a. If it is included in the filing, please provide a reference.
b. If it isn't included in the filing, please provide the information in response to this information request.

Response:

a. Please see response b.

b. Great Plains did not refer to the effect of pipeline capacity changes to supply diversity because the Company did not make any changes that will impact receipt and delivery capacity during the upcoming heating season. Following the removal of Wahpeton from Great Plains' system, the Company will have the same access to supplies, therefore, there is no effect to supply diversity.

COMMERCE DEPARTMENT

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

☐Nonpublic IXI Public

Docket Number: G004/M-24-234

Requested From: Travis R. Jacobson, Great Plains Natural Gas
Type of Inquiry: Financial

Date of Request: 9/26/2024
Response Due: 10/7/2024

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).
Assigned Analyst(s): John Kundert, Daniel Tikk
Email Address(es): john.kundert@state.mn.us, daniel.tikk@state.mn.us
Phone Number(s): 651-539-1740; 651-539-1058

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:	**7**
Topic:	2024-2025 Interruptible Volumes
Reference(s):	Department Information Request #2 -Attachment A- Most Recent PGA and Proposed Demand Tabs

Request:

In row 85 of the Most Recent PGA tab, the Company included 1,661,787 Dths. of total annual interruptible volumes. In row 79 of the Proposed Demand tab, the Company listed 792,016 of total annual interruptible volumes.

Please reconcile the difference of 869,771 Dth between those two amounts.

Response:

The total annual interruptible volumes of 1,661,787 Dth included the Great Plains North Dakota Wahpeton volumes of 869,771 Dth. The Proposed Demand did not include Wahpeton volumes due to the WBI Energy Transmission Pipeline Project (Wahpeton Expansion Project), which results in Wahpeton, North Dakota customers no longer taking service through Great Plains' system.

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-24-234

Dated this **18th** day of **October 2024**

/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.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_24-234_M-24-234
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_24-234_M-24-234
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St Bismarck, ND 58501	Electronic Service	Yes	OFF_SL_24-234_M-24-234
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_24-234_M-24-234
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_24-234_M-24-234
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_24-234_M-24-234