

July 1, 2021

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G022/M-21-306

Dear Mr. Wolf:

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

In the Matter of Greater Minnesota Gas, Inc.'s Petition for Approval of 2020 Conservation Improvement Program Tracker Account and Conservation Cost Recovery Adjustment (Petition).

The Petition was filed on April 30, 2021 by:

Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
202 S. Main Street
Le Sueur, MN 56068
Phone: 888-931-3411

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve Greater Minnesota Gas's Petition upon provision of its proposed redlined and clean tariff sheets.** The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ DANIELLE WINNER
Rates Analyst

DW/ar



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G022/M-21-306

I. INTRODUCTION

On April 30, 2021, Greater Minnesota Gas, Inc. (GMG or the Company) submitted a filing in the present docket entitled *In the Matter of Greater Minnesota Gas, Inc.'s Petition for Approval of 2020 Conservation Improvement Program Tracker Account and Conservation Cost Recovery Adjustment (Petition)* to the Minnesota Public Utilities Commission (Commission). The *Petition* contained the Company's 2020 calendar year CIP tracker, as well as a request to set the Company's Conservation Cost Recovery Adjustment (CCRA) to \$0.1965 per dekatherm (Dth).

II. DEPARTMENT ANALYSIS

A. COMMISSION'S 2020 ORDER

On August 18, 2020, the Commission issued its *Order* concerning the GMG's 2019 CIP filing.¹ In that *Order*, the Commission:

1. Approved GMG's 2019 CIP tracker account, as summarized in Table 1 of the Department's [July 1, 2020] comments, with a December 31, 2019 tracker balance of (\$247,725).
2. Approved the continuation of the \$0/Dth CCRA.
3. Required GMG to submit compliance filings as soon as possible but no later than 10 days after the issue date of th[e] *Order*, in the present docket and in Docket No. G022/M-19-633, with tariff sheets reflecting the Commission's determinations in both matters.²

On August 27, 2020, GMG submitted its compliance tariff sheets in Docket No. G022/M-20-458. The Department filed a compliance sign-off form on September 29, 2020.

¹ See Commission's August 18, 2020 *Order* n Docket No. E022/M-20-458.

² The inclusion of Docket No. G022/M-19-633 in the Commission's August 18, 2020 *Order* does not pertain to the current discussion, and so the Department does not address it in these Comments. For a discussion on Docket G022/M-19-633 and why it was relevant to the August 18, 2020 *Order*, see the Department's July 1, 2020 Comments in Docket No. G022/M-20-458.

B. GMG'S PROPOSED 2020 CIP TRACKER

Greater Minnesota Gas provided its 2020 CIP tracker in Attachment A to its *Petition*. The Department summarizes that tracker in the following table.

Table 1: Department's Summary of Greater Minnesota Gas's 2020 CIP Tracker

Line	Description	Time Period	Amount
1	Beginning Balance	Jan. 1, 2020	(\$247,725)
2	CIP Expenses	Jan. 1, 2020 – Dec. 31, 2020	\$306,513
3	DSM Financial Incentive	Approved in 2020 for 2019 activities	\$0
4	Carrying Charges	Jan. 1, 2020 – Dec. 31, 2020	\$0
5	CIP Expenses Subtotal [Line 1 + Line 2 + Line 3 + Line 4]	Jan. 1, 2020 – Dec. 31, 2020	\$58,788
6	CCRC Recovery	Jan. 1, 2020 – Dec. 31, 2020	(\$73,988)
7	CCRA Recovery	Jan. 1, 2020 – Dec. 31, 2020	\$0
8	CIP Revenues Subtotal [Line 6 + Line 7]	Jan. 1, 2020 – Dec. 31, 2020	(\$73,988)
9	Ending Balance [Line 5 + Line 8]	Dec. 31, 2020	(\$15,200)

In last year's comments, the Department requested that GMG provide two years of projected trackers, using monthly data, in addition to the prior year's actual tracker. In the current *Petition*, the Company provided the Department with CIP trackers from 2020-2021 using monthly data, meeting the Department's request.

The Department reviewed GMG's proposed 2020 CIP tracker and concludes that it appears to be calculated correctly.

C. GMG'S PROPOSED CCRA RATE

In its *Petition*, Greater Minnesota Gas proposed to increase its CCRA from \$0 to \$0.1965/Dth, effective January 1, 2022. The projected effects of the current and proposed CCRA's to the 2021 and 2022 CIP trackers are shown in the following table.

Table 2: Department’s Summary of GMG's 2021-2022 Projections with a CCRA rate of \$0/Dth in 2021 and \$0.1965/Dth in 2022

Line	Description	2021 ³	2022
1	Beginning Balance (\$)	(15,200)	195,165
2	CIP Expenditures (\$)	292,880	292,880
3	CIP-Applicable Sales (Dth)	1,997,939	2,050,000
4	Base Rate (CCRC) (\$/Dth)	0.0413	0.0413
5	Base Rate Recoveries (\$) [Line 3*Line 4*-1]	(82,515)	(84,665)
6	CCRA (\$/Dth)	0	0.1965
7	CCRA Recoveries (\$) [Line 3*Line 6*-1]	0	(402,825)
8	Ending Balance (\$) [Line 1 + Line 2 + Line 5 + Line 7]	195,165	555

In last year’s comments, the Department suggested that GMG calculate a “forward-looking” CCRA rather than a “backwards-looking” CCRA. GMG’s proposal appears to be in line with the Department’s suggestion.⁴ The Department supports the Company’s instant calculation methodology. Further, GMG also stated its intent to file an updated CCRA next year, based on 2023 projections. Again, the Department supports this goal.

The Department also notes that for future filings, GMG may wish to implement its proposed CCRA sooner than the beginning of the next calendar year. For example, in the current filing, the Company could request that the proposed CCRA be implemented “September 1, 2021, or in the month following the Commission’s Order, whichever is sooner.” Such a proposal is not necessary, but the Department notes that such a proposal would likely keep the tracker balance closer to zero, which would be important should GMG seek to recover a financial incentive or carrying charges through future CIP trackers.

The Department concludes that GMG’s proposed CCRA is reasonable and recommends the Commission approve GMG’s proposed CCRA of \$0.1965/Dth.

³ GMG used actual CIP expenditures and CIP-applicable sales values for January – March of 2021 and projected values thereafter.

⁴ For a discussion on this, see the Department’s July 1, 2020 comments in Docket No. G022/M-20-458.

D. GMG'S PROPOSED BILL MESSAGE

GMG proposed to include a bill message notifying customers of the increase in the rate, as the CCRA has been set to \$0/Dth for a number of years. The Company intends to begin including the bill message in the month immediately following a Commission Order in the instant docket. GMG's proposed message reads:

Effective January 1, 2022, your bill will include an adjusted Conservation Cost Recovery Adjustment (CCRA). The Minnesota Public Utilities Commission approved the CCRA on _____, 2021. The CCRA is necessary and allowed by law to fund the state-mandated Conservation Improvement Program. The CCRA is \$0.01965 per therm, or \$0.1965 per dekatherm, of natural gas that you use. If you have questions, please contact us at 1-888-931-3411 or www.greatermngas.com. Thank you.

As noted in GMG's *Petition*, an older version of this same message was previously approved by the Commission. The Department supports GMG's proposed bill message.

E. GMG'S PROPOSED CCRA TARIFF SHEET

GMG did not submit redlined or clean proposed tariff sheets in its *Petition*. Since redlined and clean tariff sheets is required any time a utility proposes to make changes to its tariff, in future filings the Department recommends that the Company submit its proposed tariff sheets in its initial filing.

F. GMG'S HISTORICAL PERFORMANCE

The Department provides below a historical comparison of GMG's CIP activities from 2010 through the Company's proposed 2020 figures. This table shows how the Company's CIP expenditures, year-end tracker balances, and first year energy savings have changed over time. Unlike other utilities, GMG has not implemented a Demand Side Management (DSM) Shared Savings Incentive or CIP tracker carrying charges.

Table 3: Greater Minnesota Gas Summary CIP Statistics, 2010-2020

Year	Dept CIP Review Docket No.	PUC CIP Tracker and CCRA Review Docket No.	CIP Expenses (Approved by Department Deputy Commissioner)	CIP Tracker Year End Balance (Approved by Commission)	First Year Energy Savings (Approved by Department Deputy Commissioner)	First Year Savings as Percentage of Retail Sales (Approved by Department Deputy Commissioner)
2010	09-968.01	n/a	\$20,323	n/a	1,711	0.43%
2011	09-968.02	n/a	\$16,835	n/a	1,568	0.39%
2012	09-968	n/a	\$31,068	n/a	1,926	0.48%
2013	12-690.01	n/a	\$86,088	n/a	4,155	0.90%
2014	12-690.02	n/a	\$100,725	n/a	5,157	1.14%
2015	12-690.03	16-494	\$109,114	\$178,160	6,810	1.51%
2016	12-690.04	16-494	\$116,816	\$270,706	9,426	2.09%
2017	16-118.01	19-633	\$137,267	\$106,292	5,398	0.48%
2018	16-118.02	19-633	\$204,213	-\$89,196	12,137	1.18%
2019	16-118.03	20-458	\$245,781	-\$247,725	12,809	1.25%
2020 (proposed)	16-118.04	21-306	\$287,639	-\$15,200	10,563	1.03%

The Department notes that GMG’s CIP spending and savings have increased significantly during this time period. The Department notes:

- From 2010 to 2020, GMG’s savings increased 517 percent and spending increased 1,315 percent.
- From the 2010-2012 three year time period to the 2018-2020 three year time period, average savings increased 582 percent (from 1,735 Dth in 2010-2012 to 11,836 Dth in 2018-2020) and average spending increased 981 percent (from \$22,742 in 2010-2012 to \$245,878 in 2018-2020).
- GMG did not meet its 1.00 percent savings as a percentage of CIP-applicable retail sales goal in five years between 2010 and 2020; however, in only one of the last seven years (2017) has GMG not met its savings goal.

These figures are shown in the following table:

Table 4: Savings and Spending Growth for Greater Minnesota Gas, 2010-2020 Select Years

	Savings (Dth)	Spending
2010	1,711	\$20,323
2020	10,563	\$287,639
Percent Change	517%	1,315%
2010-2012	1,735	\$22,742
2018-2020	11,836	\$245,878
Percent Change	582%	981%

III. CONCLUSION AND RECOMMENDATIONS

The Department finds the Company’s proposal to be reasonable and complete upon the filing of redlined and clean tariff sheets. The Department recommends the Commission:

- approve GMG’s 2020 CIP tracker, as summarized in Table 1 above, resulting in a December 31, 2020 tracker balance of (\$15,200);
- approve the implementation of a CCRA of \$0.1965/Dth CCRA, effective January 1, 2022;
- approve GMG’s proposed bill message; and
- require GMG to submit a compliance within 10 days of the issue date of the Order in the present docket, with revised tariff sheets reflecting the Commission’s determination in this matter.

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