

## Staff Briefing Papers

Meeting Date December 6, 2018 Agenda Item 9\*\*

Company Greater Minnesota Transmission, LLC

Docket No. **PL-6580/M-18-465**

**In the Matter of the Petition of Greater Minnesota Transmission, LLC (GMT) for Approval of a Firm Gas Transportation Agreement with Northwest Natural Gas of Cass County, LLC, Inc. to Serve the Walker, MN Area**

- Issues
1. Should the Commission approve Greater Minnesota Transmission, LLC's petition for a Firm Gas Transportation Agreement providing intrastate natural gas pipeline transportation services to Northwest Natural Gas of Cass County, LLC, Inc. (Northwest Natural Gas) who will provide retail natural gas services in the City of Walker, MN and surrounding area?
  2. Should the Commission open an investigation to determine if Northwest Natural Gas, and its affiliates, are in compliance with Minn. Stat. § 216B.16, Subd. 12 (Exemption for small gas utility franchise)?

Staff Eric Bartusch eric.bartusch@state.mn.us 651-201-2259

Bob Brill bob.brill@state.mn.us 651-201-2242

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

 **Relevant Documents**

**Date**

Greater Minnesota Transmission, LLC – Initial Filing (TS)

July 5, 2018

Department of Commerce – Comments (TS)

August 29, 2018

## I. Statement of the Issues

- Should the Commission approve Greater Minnesota Transmission, LLC's petition for a Firm Gas Transportation Agreement providing intrastate pipeline transportation services to Northwest Natural Gas of Cass County, LLC, Inc. who will provide retail natural gas sales services in the City of Walker, MN and surrounding area?
- Should the Commission open an investigation to determine if Northwest Natural Gas, and its affiliates, are in compliance with Minn. Stat. § 216B.16, Subd. 12. (Exemption for small gas utility franchise)?

## II. Background

On July 5, 2018, Greater Minnesota Transmission, LLC (GMT) filed a petition seeking approval for its Firm Transportation Agreement (Agreement) with Northwest Natural Gas of Cass County, LLC, Inc. (NWNGCC); where GMT proposed to provide intrastate pipeline services for NWNGCC's natural gas distribution project that will provide retail natural gas service in Walker, Minnesota and surrounding area. The proposed agreement between GMT and NWNGCC will enable NWNGCC to provide retail natural gas service to customers who currently do not have access to natural gas.

On August 29, 2018, the Department of Commerce, Division of Energy Resources (Department) filled comments in support of GMT's petition, pending a resolution to NWNGCC's regulatory status as a small gas utility.

GMT requested approval of this Agreement by October 2018. However, it is staff's understanding that GMT no longer intends to complete this project in 2019. GMT's representatives have indicated that they intend to renew the Company's request to the Minnesota Legislature for property tax relief.

## III. Relevant Statutes

### A. Regulation of Intrastate Natural Gas Pipeline. Minn. Stat. § 216B.045

#### Subd. 1. Definition of intrastate pipeline.

....."intrastate pipeline" means a pipeline wholly within the state of Minnesota which transports or delivers natural gas received from another person at a point inside or at the border of the state, which is delivered at a point within the state to another, provided that all the natural gas is consumed within the state.

#### Subd. 2. Reasonable rate.

Every rate and contract relating to the sale or transportation of natural gas through an intrastate pipeline shall be just and reasonable. No owner or operator of an intrastate pipeline shall provide intrastate pipeline services in a manner which unreasonably discriminates among customers receiving like or contemporaneous services.

**Subd. 3. Transportation rate; discrimination.**

Every owner or operator of an intrastate pipeline shall offer intrastate pipeline transportation services by contract on an open access, nondiscriminatory basis.

**Subd. 4. Contract; commission approval.**

No contract establishing the rates, terms, and conditions of service and facilities to be provided by intrastate pipelines is effective until it is filed with and approved by the commission. The commission has the authority to approve the contracts and to regulate the types and quality of services to be provided through intrastate pipelines.

**B. Public utility. [defined] Minn. Stat. § 216B.02, subd. 4**

“Public utility” means persons, corporations, or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured, or mixed gas or electric service to or for the public or engaged in the production and retail sale thereof.... In addition, the provisions of this chapter shall not apply to a public utility whose total natural gas business consists of supplying natural, manufactured, or mixed gas to not more than 650 customers within a city pursuant to a franchise granted by the city, provided a resolution of the city council requesting exemption from the regulation is filed with the commission. The city council may rescind the resolution requesting exemption at any time, and, upon the filing of the rescinding resolution with the commission, the provisions of this chapter shall apply to the public utility.....

**C. Exemption for small gas utility franchise. Minn. Stat. § 216B.16, subd. 12**

- A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in the municipality as long as the public utility serves no more than a total of 5,000 customers.
- The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation.
- However, the commission shall require the utility to adopt the commission's policies and procedures governing disconnection during cold weather. The utility shall annually submit a copy of its municipally approved rates to the commission.
- In all cases covered by this subdivision in which an exemption for service outside of a municipality is granted, the commission may initiate an investigation under section 216B.17, on its own motion or upon complaint from a customer.

- If a municipality files with the commission a resolution of its governing body rescinding the request for exemption, the commission shall regulate the public utility's business in that municipality under this section.

#### **D. Relations with Affiliated Interest. Minn. Stat. § 216B.46**

Minn. Stat. § 216B.46, Subd. 1 states:

"Affiliated interests" with a public utility means the following:

- (1) every corporation and person owning or holding directly or indirectly five percent or more of the voting securities of such public utility;
- (2) every corporation and person in any chain of successive ownership of five percent or more of voting securities;
- (3) every corporation five percent or more of whose voting securities is owned by any person or corporation owning five percent or more of the voting securities of such public utility or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities;
- (4) every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of five percent or more of voting securities;
- (5) every corporation operating a public utility or a servicing organization for furnishing supervisory, construction, engineering, accounting, legal, and similar services to utilities, which has one or more officers or one or more directors in common with the public utility, and every other corporation which has directors in common with the public utility where the number of the directors is more than one-third of the total number of the utility's directors;
- (6) every corporation or person which the commission may determine as a matter of fact after investigation and hearing is actually exercising any substantial influence over the policies and actions of the public utility even though the influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section;
- (7) every person or corporation who or which the commission may determine as a matter of fact after investigation and hearing is actually exercising substantial influence over the policies and actions of the public utility in conjunction with one or more other corporations or persons with which or whom they are related by ownership or blood relationship or by action in concert that together they are affiliated with such public utility within the meaning of this section even though no one of them alone is so affiliated;
- (8) every subsidiary of a public utility;

(9) every part of a corporation in which an operating division is a public utility

## IV. Parties' Comments

### A. Greater Minnesota Transmission, LLC

GMT intends to construct a 15.1 mile transmission line from NWNCC's existing Cass Lake Town Border Station receipt point to an agreed-upon interconnection point near the City of Walker, MN. Currently, residents and businesses in the Walker, MN area are unable to attain natural gas service and rely on other heating sources such as propane and wood.

GMT stated that it believes its proposed facilities should not be classified as a retail public utility and should not fall within the scope of the Commission's jurisdiction governing retail gas distribution companies because GMT provides only intrastate pipeline transportation services and will not provide retail natural gas sales services. NWNCC will be responsible for the procurement of natural gas.

GMT's proposed Agreement with NWNCC, if approved, provides for a monthly service charge, a negotiated monthly demand rate and a per Dth commodity rate that NWNCC will pay for an hourly natural gas delivery commitment at the city gate.<sup>1</sup> GMT believes its agreement with NWNCC was the result of a cooperative effort to reach the unserved communities. GMT also believes its negotiated rates were based on market conditions and represent arm's-length transactions between the parties and are reasonable. GMT believes that the Agreement will allow it (and NWNCC) to bring natural gas to new areas, and will enhance the ability of the communities to compete in a new and changing economy.

GMT further explained its intrastate pipeline status by stating:

- GMT would willingly enter into negotiations with other similarly situated distribution entities to discuss similar cooperative arrangements that would serve the public interest in other respective communities, thus there was no discriminatory element to the Agreement and GMT has complied with its statutory obligation to offer its service on an open-access basis; and
- The negotiated Agreement reflects a partnership between the entities working together to serve the public interest. The Agreement benefits NWNCC and its customers, the communities, and their local economy; and
- The Agreement will benefit GMT and its customers by contributing to GMT's economic viability and its ability to serve historically unserved and underserved populations.

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<sup>1</sup> See GMT's Initial Filing, Exhibit A, marked TRADE SECRET for specific negotiated terms

## B. Department of Commerce

### 1. Review of GMT's agreement

The Department reviewed GMT's petition and the Agreement to determine if GMT's proposed facilities should be classified as an "intrastate pipeline" and further to determine if the Agreement was entered into as part of an arm's length negotiation.

The Department concluded that GMT is not a public utility since it does not furnish retail natural gas sales services. As such, GMT is not subject to the same Minnesota Rules and Statutes as a regulated local distribution natural gas company (LDC) that provides retail sales and transportation services. The Commission has not promulgated rules applicable to intrastate pipelines under Minnesota Statute § 216B.045; as such, there appear to be no Minnesota Rules that specifically apply to GMT's intrastate transportation service.

Further, GMT must meet the conditions listed in Minn. Stat. §216B.045. Minn. Stat. § 216B.045 requires that an intrastate pipeline provide service under the following three conditions:

- Contract at rates that are just and reasonable and do not unreasonably discriminate among customers receiving like or contemporaneous services (Minn. Stat. § 216B.045, subd. 2);
- Offer services by contract on an open access, nondiscriminatory basis (Minn. Stat. § 216B.045, subd. 3); and
- Obtain Commission approval for each contract to be effective (Minn. Stat. § 216B.045, subd. 4).

The Department noted that most regulated utility rates are cost of service based and the reasonableness of the rate can be determined by reviewing the cost of service. However, reasonable rates may be negotiated as part of an arm's length transaction. In simple terms, the reasonableness of the rate could be determined because all parties involved have agreed to the negotiated rates. The Department generally agrees with GMT's reasoning that its proposed cost-recovery mechanisms were for the pipeline-related services associated with this project and are similar to other GMT intrastate pipeline projects.

The Department conducted a financial analysis to determine if the proposed GMT project would be financially viable and would not have a negative impact on GMT's overall financial health.<sup>2</sup> The Department believes, based on its review of the Agreement, that the proposed negotiated rates provide reasonable benefit to NWNCC's customers, allows GMT an opportunity to earn an acceptable return, and provides sufficient debt coverage. The Department believes its negotiated rate concerns are relieved by Minn. Stat. § 216B.045, subd. 5, which provides a Commission complaint process that could be used to resolve any rate disputes that may arise between GMT and NWNCC.

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<sup>2</sup> See the Department's Comments, marked TRADE SECRET for the Department's financial analysis

The Department tested the economic viability of GMT's project by developing three financial impact scenarios:

- Lower volumetric usage;
- Higher capital costs, and;
- A combination of lower volumetric usage and higher capital costs.

For each scenario, the Department calculated the break-even point to maintain its Fixed Charge Coverage Ratio under the project loan terms. The Department concluded that if GMT's project was constructed and operated in accordance with GMT's assumptions, GMT will earn a reasonable return over the term of the contract and that GMT could maintain its Fixed Charge Coverage Ratio in each of these scenarios.

GMT is required to offer services on an open access, non-discriminatory basis. GMT's petition indicated that it would be willing to enter into negotiations with other similarly situated entities to discuss similar agreements to serve other communities. The Department concluded that GMT was offering its intrastate transportation services on an open-access, non-discriminatory basis.

GMT stated that it wishes to start providing intrastate pipeline services beginning on the later of (i) August 1, 2018, or (ii) the date GMT completes construction of the facilities. The Department believes the proposed effective dates are consistent with Minnesota Statutes.

## 2. Northwest Natural Gas and its Affiliates' Regulatory Status

The Department conducted an additional analysis on the regulatory status of Northwest Natural Gas (NWNG) in this docket due to the absence of a petition seeking a small gas utility exemption from NWNG or from NWNGCC. The Department is concerned that NWNG, and its affiliated LDCs,<sup>3</sup> exceeds the statutory customer threshold for a utility to be exempt from rate regulation. The Department provided Table 1 which details the number of customers each individual LDC had at year-end in 2016.<sup>4</sup>

Table 1: Total Estimated Combined Customer Count

Affiliate Utility	Customer Count
Northwest Natural Gas, Cass County*	1,478
Northwest Natural Gas, LLC	2,046
Northwest Natural Gas, Murray County	1,483
Total Customer Count	5,007

\* At the time of this filing, NNGCC has not filed its 2017 Minnesota Rules Chapter 7610 data in Docket No. E,G999/PR-18-19. 2016 customer data is provided. Department Attachment 6.

<sup>3</sup> Northwest Natural Gas, Northwest Natural Gas of Murray County, and Northwest Natural Gas of Cass County

<sup>4</sup> Department of Commerce, Page 11. Table 1 in these Staff Briefing Papers originally appears as Table 5 in the Department's Comments but has been renumbered to Table 1 in these Briefing Papers.



Additionally, the Department noted that Northwest's affiliates all share a similar logo, reference the same service territory, may have related ownership, and likely have a unified billing system. Additionally, customers of all three LLCs have the ability to pay bills at Northwest's Grand Rapids office.

## V. Staff Analysis

### A. Agreement between GMT and NWN GCC

#### 1. Statutory Review

Both GMT and the Department acknowledge that GMT is required by Minn. Stat. § 216B.045 to "offer intrastate pipeline transportation services by contract on an open access, nondiscriminatory basis." GMT has continued to demonstrate that it is willing to provide service to other LDCs and Cooperatives subject to negotiated rates under contract rather than under a tariff. The Commission could review Dockets PL-6580/M-17-809, PL-6580/M-17-810, PL-6580/M-15-968, PL-6580/M-15-1041, PL-6580/M-16-936, and PL-6580/M-16-1026 for historical examples of GMT providing similar transportation service to other small gas utilities. GMT has requested and received Commission approval for all of these contracts.

#### 2. Financial Review

The Department provided a sensitivity analysis of the financial and economic viability of this project based on possibly lower volumetric sales and higher-than-expected capital costs. Staff agrees with the conclusions of this analysis. Staff notes that future volumetric sales (throughput) for the duration of this project could be higher or lower than the estimate in GMT's financial model for many different reasons.

#### 3. The Agreement is in the Public Interest

Neither NWN, nor any of its affiliates including NWN GCC, are parties to this docket. However, the Commission has historically reviewed GMT's firm transportation agreements for reasonableness and to ensure that the agreements align with the public interest.

GMT, in conjunction with NWN GCC, are working together to bring natural gas to a previously unserved area. The residents of Walker, MN, upon approval of this agreement and the subsequent construction of the pipeline, will have the benefits associated with natural gas available to them, but will retain the option to remain on their current fuel source. Additionally, incidental customers, located outside of the municipality of Walker, Minnesota, have a complaint process through the Minnesota Public Utilities Commission available to them if they are unsatisfied with their service.

In previous firm transportation contract dockets, a small gas utility exemption petition was filed by the LDC to confirm its exempt status.<sup>5</sup> In those examples, the Commission was able to verify that a resolution with the municipality was passed, awarding the LDC a franchise, and the

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<sup>5</sup> For example, see Docket G-6977/M-17-829

Commission was able to confirm the LDC was in compliance with other relevant statutes and Commission rules, such as the Cold Weather Rule statute. Absent a corresponding small gas utility exemption filing in this proceeding, the Commission may want to consider requiring that information to be filed by NWNGCC as a condition of approval if the Commission finds that NWNGCC's regulatory standing and having an approved municipal franchise is critical to approval of GMT's petition. Alternatively, the Commission could open an investigation into NWNGCC to verify that it is meeting its regulatory requirements under Minn. Stat. 216b.16, Subd. 12 (Exemption for small gas utility franchise) assuming it qualifies for the exemption.

## **B. Northwest Natural Gas of Cass County, L.L.C.'s Regulatory Status**

NWNGCC has not filed a petition requesting the Commission confirm its status as being exempt from state utility regulation. NWNGCC's project in Walker, Minnesota is an expansion project. NWNGCC already provides service in other communities in Cass County including Cass Lake.

Staff also notes that no filing has been made on behalf of the other Northwest Gas LDCs that are organized as limited liability corporations (LLCs), Northwest Natural Gas (NWNG) or Northwest Natural Gas, Murray County (NWNGMC). The Department expressed its concern that these three separate companies are, in fact, operated as a single entity.

### **1. Website**

NNG maintains a single website ([www.nwngas.com](http://www.nwngas.com)). Staff was unable to locate specific sites for the other entities, NWNGCC and NWNGMC. On NNG's site, its history mentions that it expanded into Murray County in 1994 and Cass Lake in 1999. This is also reflected in its singular service territory map on the website.

### **2. Payments**

NNG has an online payment feature on its website. When accessed, the site prompts the user for their billing account number without any option to select a billing entity, company or jurisdiction. This implies that a singular unified billing system is likely present among all three entities. Additionally, all three Companies use a similar, if not identical company logo. Payment centers, including NNG's Grand Rapids headquarters, appear to accept payments on behalf of all three LLCs. These operational efficiencies suggest that NNG, NWNGCC, and NWNGMC operate as a single entity, especially when viewed from a customer standpoint.

### **3. Secretary of State Filings**

Two limited liability corporations (LLCs), Northwest Natural Gas, LLC and Northwest Natural Gas of Murray County, LLC are on file with the Minnesota Secretary of State. Both have maintained their LLC status by making annual renewal filings and are registered to the same name and address, suggesting that the two LLCs share both substantial ownership and office locations. Staff was unable to locate a LLC filing for Northwest Natural Gas of Cass County, LLC (or any related name).

#### **4. Minn. Stat. § 216B.46 (Relations with Affiliated Interest)**

The first subdivision of Minn. Stat. § 216B.46 defines affiliate and the Northwest Natural Gas entities appear to meet the criteria for being considered affiliates of one another. The remaining subdivisions in Minn. Stat. § 216B.46 discuss contracts with affiliates and their approval and do not specifically address the concerns about NWNGCC's status as an exempt small gas utility as defined in Minn. Stat. § 216B.16, Subd. 12.

Because Minn. Stats. § 216B.46 and § 216B.16, Subd. 12. do not specifically address the Department's concerns about the regulatory status of NWNG, NWNGMC or NWNGCC, the Commission will need to determine if any of these entities, alone or together, meet the criteria to be considered exempt from rate regulation. Alternatively, if the Commission determines that NWNG, NWNGMC, and NWNGCC should be treated as a single entity, the Commission may also want to determine if the unified entity has exceeded its 5,000 customer threshold. This could be accomplished by requiring the Northwest Natural Gas entities to make a compliance filing, by issuing a show cause order asking why they should continue to be consider exempt, or by opening a Commission Investigation.

#### **5. Northwest Natural Gas, LLC's Compliance with Other Small Gas Utility Requirements**

In the Commission's most recent Small Gas Utility Exemption docket,<sup>6</sup> the Commission clarified that Small Gas Utilities, while exempt from rate regulation, are still required to adhere to the following rules and statutes:

- Filing annual Cold Weather Rule reports under Minn. Stat. §§ 216B.096, subd. 11, and 216B.16, subd. 12(c);
- Filing annual tariff updates with municipally approved rates as required by Minn. Stat. § 216B.16, subd. 12(c);
- Filing any subsequent changes in rates, tariffs, and contracts for service outside the Municipalities at least 30 days before implementation as required by Minn. Stat. §216B.16, subd. 12(b);
- Providing annual Minnesota Natural Gas Utility Information reporting to the Department by July 1 of each year as required by Minn. R. 7610.0800-.0860;
- Notifying the Commission should LRES's customer base expand beyond the 5,000-customer threshold in Minn. Stat. § 216B.16, subd. 12(a);
- Providing notice to cities of utility disconnection under Minn. Stat. § 216B.0976; and
- Complying with the residential-customer-protection requirements in Minn. Stat. § 216B.098

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<sup>6</sup> Docket No. G-6977/M-17-829, In the Matter of a Petition by Lake Region Energy Services, Inc. for a Small Gas Utility Franchise Exemption to Provide Natural Gas Service to the Municipalities of Dent and Miltona

Neither NWNG nor NWNGMC have been parties to the annual Cold Weather Rule (CWR) dockets and have not filed any reports in those annual dockets. NWNGCC is not a registered entity in eFiling, eDockets or eAssessments. Additionally, Staff did not locate any annual tariff update filings, filings to disclose changes in rates, or annual Minnesota Natural Gas Utility Information as required by Minn. R. 7610.0800-.0860.

NNG's website does contain information about its CWR program, which appears to be in compliance with CWR requirements. Additionally, NNG has information on its website regarding customer service, billing and payment options, service territories, pipeline safety and natural gas leak response, and Minnesota's Gopher State One Call program consistent with other Small Gas Utilities.

Staff was also unable to locate a rate or tariff book online for any of the NWNG entities.<sup>7</sup>

#### **6. Should the Commission find that Northwest Natural Gas and its related entities no longer qualify as an exempt small gas utility?**

The Commission could decide to open a new docket to determine whether NWNG, NWNGCC, and NWNGMC should be considered exempt small gas utilities as defined by § 216B.16, subd. 12. NWNG, NWNGCC, NWNGMC, the Department, and other interested parties would then have the opportunity to provide comments and develop a full record for the Commission to make this determination regarding NWNG and its affiliates' regulatory status.

Alternatively, the Commission could determine at this meeting that, based on the record in this docket, NWNG, NWNGCC, and NWNGMC should be considered a single company. This would require the Commission to make the finding that the operations and customer count of all three entities makes Northwest Natural Gas a single unified company that exceeds the 5,000 customer limit to qualify for an exemption from rate regulation, as demonstrated in Table 1 of these Briefing Papers. Should the Commission make this determination that NWNG and its related entities are no longer eligible for a small gas utility exemption, the Commission could open an investigation and issue a show cause order to require NWNG to provide a plan for becoming compliant with relevant sections of Minn. Stat., Ch. 216B.

Two representatives of Northwest Natural Gas have been notified about this docket and the Commission's December 6, 2018 meeting. The two representatives of the Company that were notified are Mike Gorham, President, and Cheri Landsteiner, Manager.

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<sup>7</sup> The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation. Minn. Stat. § 216B.16, Subd. 12(b)

## 7. Impact of Northwest Natural Gas, Inc.'s Regulatory Status on this Docket

The Commission could approve GMT's petition regardless of NWNG's regulatory status. The Commission may wish to discuss with parties any impact NWNG's regulatory status has on the Agreement. Throughout the Agreement<sup>8</sup> the parties maintain that the Agreement is "subject to any required jurisdictional regulatory approvals"<sup>9</sup> and "subject to all valid laws, orders, rules and regulations of any and all duly constituted authorities having jurisdiction over the subject matter..."<sup>10</sup> A party to this docket could consider a change in NWNG, NWNGCC, or NWNGMC's regulatory status as being a material change to the Agreement which could potentially dissolve the Agreement and the underlying project. However, residents of Walker, MN would then remain without a viable natural gas option.

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<sup>8</sup> Greater Minnesota Transmission, Initial Filing, Attachment A

<sup>9</sup> Greater Minnesota Transmission, Initial Filing, Attachment A, Section 1.0

<sup>10</sup> Greater Minnesota Transmission, Initial Filing, Attachment A, Section 7.0

## VI. Decision Alternatives

### GMT's Contract with Northwest Natural Gas of Cass County, LLC (NWNCGCC)

1. Approve Greater Minnesota Transmission, LLC's petition for a Firm Gas Transportation Agreement providing intrastate pipeline transportation services to Northwest Natural Gas of Cass County, LLC. (GMT, Department) or
2. Reject Greater Minnesota Transmission, LLC's petition for a Firm Gas Transportation Agreement providing intrastate pipeline transportation services to Northwest Natural Gas of Cass County, LLC, because the entity, Northwest Natural Gas of Cass County, LLC is not a registered LLC or entity with the Secretary of State. or
3. Reject Greater Minnesota Transmission, LLC's petition for a Firm Gas Transportation Agreement providing intrastate pipeline transportation services to Northwest Natural Gas of Cass County, LLC, for another reason, for example, NWNCGCC's non-compliance with the exemption for small gas utility franchise statute, Minn. Stat. § 216B.16, subd. 12.

### Annual Load Utilization Factor Report

4. If the Agreement is approved, require Greater Minnesota Transmission, LLC to include the Walker pipeline project in its annual load utilization factor report. (Staff) and
5. Direct Greater Minnesota Transmission, LLC to submit its annual load utilization factor report each year,, as required pursuant to the Commission's October 30, 2018 ORDER ACCEPTING GMT'S 2017 ANNUAL UTILIZATION LOAD FACTOR COMPATIBILITY REPORT,<sup>11</sup> under a new docket number. The report will be treated as a miscellaneous filing rather than a compliance filing pursuant to the Commission's rules of practice and procedure.

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<sup>11</sup> Docket Nos. 06-1063, 13-91, 13-94, 14-342, 14-386, 14-578, 14-1056, 15-967, 15-968, 15-1041, 16-936, and 16-1026.

### Northwest Natural Gas's Regulatory Status

6. Initiate an inquiry into Northwest Natural Gas and its affiliates to request information about its number of customers, rates, services, and other relevant information to determine if Northwest Natural Gas and its affiliates qualify for the exemption for small gas utility franchises under Minn. Stat. § 216B.16, subd. 12. And, if so, whether they are in compliance with the statute. And, if not, what steps the Commission should take to ensure NWNG's compliance with Minn. Stat., Ch. 216B. Delegate authority to the Commission's Executive Secretary to issue notices requesting information and to establish comment periods to ascertain this information. or
7. Determine that Northwest Natural Gas, Northwest Natural Gas of Murray County, and Northwest Natural Gas of Cass County are a unified business entity and exceed the maximum customer threshold of 5,000 to be considered exempt from rate regulation under Minn. Stat. § 216B.16, subd. 12. Initiate a Commission investigation to determine how to bring the Northwest Natural Gas entities into compliance with Minn. Stat., Ch. 216B. Delegate authority to the Commission's Executive Secretary to issue notices requesting information and to establish comment periods to ascertain this information. or
8. Take No Action.