

Staff Briefing Papers Vol. II: Sales Forecast

Meeting Date **October 9, 2025**

Agenda Item 2***

Company Greater Minnesota Gas, Inc.

Docket No. G-022/GR-24-350

In the Matter of the Application of Greater Minnesota Gas, Inc. for Authority to Increase Rates for Gas Service in the State of Minnesota

Issues Should the Commission approve Greater Minnesota Gas's sales forecast?

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 Relevant Documents

Date

Relevant documents are listed on the cover page of Volume I of the briefing papers.

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I. Introduction

A test year sales forecast is necessary to determine revenues at both the current and proposed rates.

It is important that the sales figure in the test year be representative of expected sales in a normal year. If the forecast overestimates sales, rates will be set too low, and the Company will not recover the full cost of service. Conversely, if the forecast underestimates sales, rates will be set too high, resulting in customers paying more than what is necessary to recover the revenue requirement. Thus, to set the correct rates, it is important to have a sales forecast that is as accurate as possible.

The weather is probably the most important factor affecting energy sales. Because the weather varies from year-to-year, the sales data fluctuate, sometimes wildly, according to the weather. Test-year sales data should not contain the impact of abnormal weather. If the test-year was characterized by a colder-than-normal winter, it would contain a sales figure higher than normal because of the higher space heating need. Conversely, if the test-year was warmer-than-normal, the sales of natural gas would be understated. The test-year sales forecast should not contain the effects of abnormal weather conditions; it is important to cleanse the sales data of the impact of abnormal weather conditions.

The procedure used to remove the impact of abnormal weather conditions and project the test year sales data allowing for the impact of only “normal” weather is called “weather normalization” and the resulting sales data are called weather-normalized sales.

Greater Minnesota Gas’ (GMG’s) Residential customer growth continues to follow the historical trend. However, Small Commercial customer growth is forecasted to be zero in the 2025 test year as the supply of potential sales prospects is not expected to materialize.

Two major sales forecast issues emerged in discussions among parties. First, parties raised questions over the recognition of new Residential customer test year sales. Second, parties differed on the Small Commercial customer count forecast. Additionally, Parties raised questions surrounding other issues such as forecast methodology, GMG’s new customer billing system, and compliance with prior rate case orders.

II. Background

GMG used five years of historical billing data, from January 1, 2019 to December 31, 2023 to build its sales forecast. In January 2024 the Company transitioned to a modernized billing system which provides for a greater selection of data query and analysis options than its old system. This change in systems prevented GMG from running customized reports or changing the presentation of historical data.¹

¹ Ex. GMG-103 at 15 (Burke Direct).

Customer count forecasts by class were based on historical counts over the five-year history. Average customer usage by class forecasts was based on GMG's knowledge of its customer classes within its service territory and its historical customer information. Forecasted customer use by class was used to create use-per-customer (UPC) projections by class.

A. Sales Forecast Methodology

The basis for GMG's sales forecast methodology is similar to that of its forecasting for annual budgets and contract demand entitlement analysis. The five years of historical data serve to fairly present the statistical and demographic context for the 2025 Test Year and beyond. The five-year historical stability of GMG's current service area serves as a dependable analytical foundation for the sales forecast.²

GMG's historical five-year data set provides the most recent and relevant information on customer use, climate history, conservation efforts and impacts, and UPC actuals and growth rates by class.³

Also, GMG used its historical five-year customer count data to create a customer count forecast projection for December 2024. The forecast is consistent with actual customer additions through August 2024, including projected customer additions for the remaining months of 2024. Customer additions for 2025 were predicated on the same process and historical context. Average customer use by class was used to create reasonable UPC projections by class.⁴

GMG's market area is unique among Minnesota's regulated gas utilities. The Company forecasted UPC for all rate classes currently served. Growth in customer counts was only forecasted for the Residential and Small Commercial classes since they exhibit underlying demographic trends.⁵ Class UPC forecasts were combined with the corresponding customer count forecasts to produce a total volumetric 2025 Test Year forecast.

In addition, GMG did not forecast its Market Rate Transportation class because the class has no customers. Outside of the Residential and Small Commercial classes, the Company did not project customer counts because demographic factors indicated no growth prospects. There are no curtailment fees in the sales forecast because GMG's interruptible customers' gas consumption is uncorrelated with the winter heating season.

B. Sales Forecast Components

Table 201 shows GMG's detailed Test Year forecast by customer class.

² *Id.* at 15-16.

³ *Id.* at 16.

⁴ *Id.*

⁵ *Id.* at 17.

Table 201: 2025 Test Year Sales Forecast (Mcf)⁶

Firm Rate Classes		
Residential	RS	888,184
Small Commercial	SCS	118,652
Commercial	CS	44,868
Total Commercial		163,519
Medium Industrial	MS	49,408
Large Industrial	LS	343,899
Total Industrial		393,307
Total Firm Service		1,445,010
Interruptible Service		
Industrial	IND	90,124
Agricultural	AG	134,570
Total Interruptible		224,695
Transportation Service		
Transportation TR1	CS	821
Transportation TR1	IND	45,960
Transportation TR1	Contract	71,820
Transportation TR1	LS	274,045
Transportation TR1	AG	44,003
Transportation TR2	RS	1,377
Transportation TR2	SCS	125
Transportation TR2	MS	5,701
Transportation TR2	AG	3,166
Total Transportation		447,018
Total Gas Sales and Transport		2,116,723

III. Discussion

A. New Residential Customer First-Year Sales

1. Introduction

Most of GMG's new Residential customers begin gas service in the later part of the year before the approach of winter, having transitioned from propane service during the off-peak summer season. Because of this pattern of first-year partial service, the Company reasoned that a representative and normal test year should also reflect a partial first year of sales for new

⁶ *Id.* at 18.



Residential customers. In contrast, the Department believed that the first year of new Residential customer sales should reflect 12 months of gas service since these customers continue in subsequent years as complete-year consumers.

2. Case Record

ALJ Report ¶¶ 173-183

Ex. GMG 109 at 2-3, 14-16 (Burke Rebuttal)

GMG Initial Brief at 40-42

Ex. DOC 204 at 15-17 (Shah Direct)

Ex. DOC 205 at 6-12 (Shah Surrebuttal)

Ex. DOC 205 at Schedule SS-SR-3, p. 20 of 31. (Shah Surrebuttal)

Department Initial Brief at 25-26

Department Reply Brief at 9

Department Exceptions at 16-17, Appendix A

3. Party Positions

a. Department

The Department raised a question about observed differences in GMG's treatment of gas consumption for new versus existing Residential customers⁷ and produced a segment of GMG's Residential revenues table, as listed in Table 202 below.

Table 202: Excerpt from GMG Statement E- Schedule E-1⁸

12	Revenues		# of Customers at 12/31/25	2025 Est MCF per Customer	2025 Test Year Sales Volumes	Customer Charge Revenues
13	Firm Rate Classes					
14	Residential	RS	10,223	86.0	879,541	\$ 1,042,746
15	2025 Growth	RS	400	21.6	8,644	\$ 13,005
16	Total Residential		10,523	86.0	888,184	\$ 1,055,751

The Department asserted that in line 15 GMG incorrectly applied new customer UPC of 21.6 MCF compared to existing customer UPC of 86.0 MCF. Accordingly, the Company incorrectly computed new customer charge revenues of \$13,005 instead of \$40,800. The Department argued that this computational difference significantly understated 2025 Test Year sales and revenues and thus inflated GMG's 2025 Test Year Revenue Deficiency. Additionally, the Department argued that GMG's partial-year revenue recognition also incorrectly estimated customer and distribution expenses.⁹ New Residential customer usage should be estimated on an annualized basis, consistent with that of existing customers. The Department concluded that

⁷ Ex. DOC-204 at 15-17 (Shah Direct).

⁸ *Id.* at 16.

⁹ Ex. DOC-205 at 6-12 (Shah Surrebuttal).



GMG's methodology is inconsistent with Commission precedent. Undercounting sales also increases customer overpayments, leading to a higher ROE.¹⁰

The Department also provided multiyear analysis data of new installations by month showing that annual cohorts of new GMG customers indeed continue to consume 12 months of gas in subsequent years as existing customers.¹¹ Thus, the Department believed that GMG's partial-year sales for new customers is incorrect and does not represent a normal year.

Moreover, the Department pointed out that the Company, in response to an OAG question, stated that new Residential customers consume 86.0 MCF of gas, while maintaining for the Rate Case forecast that new residential customers consume only 21.6 MCF of gas. This difference suggests that GMG uses the higher rate for internal calculations and the lower, more favorable rate for the Rate Case.¹²

b. GMG

GMG countered the Department's idea of inconsistent Residential UPC estimations by explaining the operating context for its partial-year method.¹³ The partial year new customer UPC is the logical outcome of repeated, annual patterns in new Residential service installations. Since most new Residential customers are connected in the second half of the year, just in time for the winter heating season, GMG reasonably estimated that first-year demand will be only about a fourth of existing customer demand. GMG has observed this partial year pattern of consumption over several years. Nine years of data show the pattern of new Residential customer additions in the second half of the year. Table 203 shows GMG's monthly additions of customers by class.

Table 203: Average New Customer Additions 2019-2023¹⁴

Rate Class	Code	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential Firm	RS	1	2	-	3	39	35	40	52	42	64	71	36	385
Small Commercial-Firm	SCS	-	0	0	1	4	4	4	5	6	10	13	5	52
Commercial-Firm	CS	-	-	-	-	-	0	0	-	-	-	-	0	1
Industrial-Firm	MS	-	-	-	-	0	-	0	-	-	-	0	0	1
Industrial-Firm	LS	-	-	-	-	-	-	0	1	0	-	-	-	2
Agricultural-Interruptible	AG	-	-	-	-	0	0	-	1	0	0	-	-	2
Industrial-Interruptible		-	-	-	-	-	-	-	-	-	-	-	-	-

The test year concept reasonably incorporates recurring and consistent patterns such as the partial-year recognition of new Residential customer sales.

Furthermore, the Company noted that when the Department annualized new customer

¹⁰ Department Reply Brief at 9.

¹¹ Ex. DOC-205 at 6-12 (Shah Surrebuttal).

¹² Department Initial Brief at 25-26.

¹³ Ex. GMG-109 at 2-4 (Burke Rebuttal).

¹⁴ Ex. DOC-205 at Schedule SS-SR-3, p. 20 of 31. (Shah Surrebuttal).



revenues, it neglected to also annualize new customer expenses, which would decrease the Revenue Deficiency.¹⁵

GMG replied that the Department's allegation that it used two sets of Residential consumption data for rate case and internal purposes is disingenuous. The Company's reference of 86.0 MCF usage was in response to the OAG's question about Small Commercial customer counts.¹⁶

GMG concluded that the Department fundamentally misunderstood the partial first-year usage of 21.6 MCF for new customers or was theoretically opposed to the idea.¹⁷ New customers, connecting later in the year, cannot consume an annual volume of gas.

4. ALJ Report

The ALJ Report concluded that since GMG's Residential customer additions were consistent over the years, it was reasonable to model the 2025 test year with regular partial year sales for its new Residential customers.¹⁸ The Company met its burden to demonstrate the reasonableness of its sales forecast. The Department's recommended sales forecast should not be adopted.

The ALJ noted the following in her findings:

180. GMG added 15 new customers in early 2025. Only a few of these used natural gas during January through March, consuming a total of 159 Dth of natural gas.

181. By contrast, Shah's sales forecast estimates 400 new customers, utilizing 1843 Dth between January and March.

182. Annualizing new customers' gas usage in the Test Year to account for their consumption in future years may be appropriate when there is a large one-time addition of a new customers that does not reflect the utility's normal operations. But GMG's customer additions follow a consistent trend year-to-year: most often customers are connected to GMG's system between June and December. Annualizing such customers' revenues, without also annualizing all of the associated costs, would not allow GMG a reasonable opportunity to recover its cost of service.

183. GMG met its burden to demonstrate the reasonableness of its Test Year sales forecast for new customers. The Department's recommended sales forecast adjustment should not be adopted.

¹⁵ GMG, Burke Rebuttal at 14-16.

¹⁶ *Id.*

¹⁷ GMG, Initial Brief at 40-42.

¹⁸ ALJ Report, pp. 29-30, Findings 180-183.

5. Exceptions

a. Department

The Department argued that GMG's use of 21.6 MCF for the first partial year of new Residential customer consumption is invalid and unreasonable because these customers transition in future years to 12 months of consumption, at 86.0 MCF.¹⁹ Moreover, the ALJ Report did not address the effect of the Company's understatement of 2025 test year sales and customer charge revenues, which would increase the Test Year Revenue Deficiency.

The Department recommended the following adjustments be made to the ALJ Report.

173. Test-year sales volume is a crucial factor in calculating a utility's revenue requirement as sales levels affect both revenues and expenses. As a result, it is important that test-year sales be forecasted in a reasonable way.

173a. GMG proposed a 2025 Test Year sales forecast that includes 21.6 dekatherms (Dth) for each new customer.

177. The Department expressed concern over the Company not fully complying with the Commission's 2004, 2006, 2009 rate case orders, such that requisite billing cycle details summing up to the billing month data was not provided. GMG's decision to replace its prior billing system coupled with its failure to produce older historic data (which it claimed would be unduly burdensome to produce) hindered the Department's ability to not only independently verify the data but to also prepare and provide an alternative forecast, for example, one based on statistical models involving weather. The Department disagreed with GMG's use of 21.6 Dth for new customers in the Test Year because "[o]nce added to the system, new customers stay on the system and continue to use natural gas as existing customers."

177a. The Department also identified an error in the customer charge revenues (using \$13,005 instead of \$40,000). The Department explained that it is appropriate for a test year to reflect annualized sales to new customers. Due to this error, GMG likely understates test-year sales and revenues and inflates the size of GMG's test-year revenue deficiency.

~~178. Sachin Shah (Shah), on behalf of the Department, disputed the new-customer sales forecast for calendar year 2025.~~

~~179. The historical sales data demonstrates that most of the gas used by GMG customers occurs from January through March.~~

¹⁹ DOC, ALJ Report Exceptions at 16-17.



~~180. GMG added 15 new customers in early 2025. Only a few of these used natural gas during January through March, consuming a total of 159 Dth of natural gas.~~

~~181. By contrast, Shah's sales forecast estimates 400 new customers, utilizing 1843 Dth between January and March.~~

~~182. Annualizing new customers' gas usage in the Test Year to account for their consumption in future years may be appropriate when there is a large one-time addition of a new customers that does not reflect the utility's normal operations. But GMG's customer additions follow a consistent trend year to year: most often customers are connected to GMG's system between June and December. Annualizing such customers' revenues, without also annualizing all of the associated costs, would not allow GMG a reasonable opportunity to recover its cost of service.~~

178. It is important to ensure a representative amount of sales and revenues are included so that reasonable rates can be set going forward. The Commission has recognized that the rates based on test year information remain in place until the Commission approves new rates in a subsequent rate case, and therefore the sales forecast should reflect the annualized effects of the new customer's usage and customer charge revenues, since the purpose of this proceeding is to set just and reasonable rates going forward, based on a normal 12-month test-year.

179. GMG stated its sales forecast was reasonable because new customers do not use the same amount of gas in the year they join GMG's system as established customers since the majority of new customers do not start using gas until relatively late into the year. After reviewing and analyzing the new customer installations by month the Department demonstrated these new customer stay on the system and continue to use natural gas as existing customers in subsequent years. The Department maintains that annualizing use is the appropriate approach. Any doubt as to the reasonableness of forecasted sales should be resolved in favor of ratepayers.

180. GMG argued that the Department's proposal would annualize new customer revenue without also annualizing all of the associated costs, and therefore would not allow the Company a reasonable opportunity to recover its cost of service. The Department's recommended changes, however, include adjustments to both GMG's cost of gas (an increase of approximately \$143,264) and customer revenues (an increase of approximately \$283,810), resulting in an overall adjustment of approximately \$140,545.

181. GMG's testimony acknowledged that customer growth allows the Company to spread fixed costs over a larger number of units.²⁰¹ These changes are particularly impactful given GMG's small customer base. The economies of scale provided by customer growth was sufficient to allow the

Company to not come in for a rate case for 15 years, including a five-year stretch when GMG's earned ROE was more than double the ROE customer rates were expected to produce when set.

183. GMG has not met its burden to demonstrate the reasonableness of its Test Year sales forecast for new customers. The Department's recommended sales forecast adjustment should ~~not~~ be adopted.

183a. The Department has recommended that the Commission order GMG to comply with requirements regarding sales forecasts in future rate cases for the purpose of facilitating accurate and efficient review of the Company's filings. Specifically, the Department commended that the Commission order GMG to:

- Provide a bridging schedule that fully links together the old and new billing systems if GMG updates, modifies, or changes its billing system.

- Retain and provide in future rate cases:

- o all information on the billing cycle sales, cancellations/rebills, customer bills, weather data, adjusted for billing errors in the period(s) in which they occur as opposed to the time period(s) when errors are discovered; and,

- o all of the above information should be in a format to facilitate and allow independent verification of any and all data used by GMG, and to also be used to independently analyze the reasonableness of the test-year sales.

- Meet with the Department at least nine months prior to the Company filing any future rate cases given that the Department is willing to meet with GMG to assist the Company with ensuring that it fully complies with the Commission's GMG 2004 Rate Case Order, GMG 2006 Rate Case Order, GMG 2009 Rate Case Order and the Commission's final Order(s) stemming from this proceeding.²⁰⁴

183b. The Department's requested requirements are reasonable.

6. Staff Analysis

Past rate case sales forecasts before the Commission have typically been consistent in their treatment of the representative Test Year concept. Occasionally, parties petitioned the Commission on the merit of including or excluding in the Test Year one-time increases in sales due to expansions of customer facilities. Once that question was settled, the Test Year sales were applied to expenses, allocations, and the revenue requirement of the Rate Case.

In GMG's case, however, the question is not a one-time adjustment to sales, but a perpetual addition of new residential partial-year sales to the representative 2025 Test Year.

In their second year of service and in future years, these residential customers consume 12-



months of gas, as reflected in the 2025 Test Year. Going backwards to their first year, new residential customers will consume the same amount of gas on an annual basis regardless of how many months over which the consumption is spread. Therefore, the essence of this question is whether or not to increase Test Year sales by a representative extra three months of residential gas consumption for new first year customers.

7. Decision Options

201. Maintain GMG's partial first-year recommendation to use the approximately 21.6 MCF annual 12-month usage and the approximately 3-month "customer charge revenues" for estimating first-year sales of new Residential customers, as incorporated in GMG's sales forecast. [GMG, ALJ]

Or

202. Adopt the Department's full first-year recommendation to use the approximately 86.0 MCF annual 12-month usage and the 12-month "customer charge revenues" for estimating first-year sales of new Residential customers. Adopt the Department's proposed modifications and additions to ALJ Findings 173–183 accordingly as shown in the Department's Exceptions. [Department]

If the Commission makes this determination, it may want to adopt one or more of the following recommended by the Department:

- a. Replace ALJ Findings 173, 177a, and 183 with Department's proposed language.
- b. Adopt the Department's proposed Findings 173a, 177, 178-181, 183a and 183b.
- c. Reject ALJ Findings 178-182.

B. Small Commercial Customer Counts

1. Introduction

GMG's Small Commercial customer growth is primarily due to extension of its gas mains into previously unserved markets. With no main line extension plans for the next year, GMG projected no Small Commercial customer count growth for the 2025 test year. In contrast, the OAG examined historical Small Commercial customer growth trends and concluded that a zero-growth trend in Small Commercial customer counts is highly unlikely. GMG also combined new Small Commercial customers into its Residential projections because of budgetary timing issues. The OAG found this practice troublesome since customer counts by class affect the allocation of expenses across the utility's operations.

2. Case Record

ALJ Report ¶¶ 184-194

Ex. GMG-109 at 5-6, Exhibits RDB-2, RDB-3 (Burke Rebuttal)

Ex. GMG-104 at Vol. 3, Statement A, Schedule A-1, Revenue Requirements Statement C, Schedule C-2, Operating Revenue Summary (Financial Information))

GMG Initial Brief at 43-46

GMG Reply Brief at 17-19

Ex. OAG 303 at 8-11 (Stevenson Direct)

Ex. OAG 305 at 1-3 (Stevenson Surrebuttal)

OAG Exceptions at 6-8, 9-11

Department Initial Brief at 26-27.

3. Party Positions

a. OAG

The OAG raised concerns with GMG's Small Commercial customer counts, suggesting that the Company's 2025 test year forecast was significantly below the historical trend of actual additions.²⁰

The OAG objected to GMG's no growth scenario for two reasons. First, GMG already had more Small Commercial customers in 2024 than it forecasted for the 2025 test year.²¹ Second, a zero-growth rate is a significant outlier from GMG's historical growth trend. The OAG noted that by August 31, 2024, GMG had already exceeded its Small Commercial customer growth forecast for all of 2024. From 2019 to 2023, GMG added an average of 30 Small Commercial customers, with 2023 alone totaling 56 new customers. The OAG found the possibility of no new customers in the 2025 test year unlikely, although it did admit the outcome was theoretically possible.

The OAG therefore recommended that GMG should project at least 990 Small Commercial customers for its test year sales forecast, an increase of 44 from GMG's forecast of 946 customers. This recommendation would lower GMG's Revenue Deficiency by \$13,840.²²

The OAG agreed with GMG that updating the sales forecast, as described above, to the 2024 year-end actuals is reasonable if operating costs and cost of service are also updated for the test year.²³

In response to GMG's aggregation of Small Commercial customers into the Residential class, the OAG argued that GMG should correctly assign new customers to their respective rate classes

²⁰ Ex. OAG-303 at 8-9 (Stevenson Direct).

²¹ *Id.* at 8.

²² *Id.* at 10.

²³ GMG Initial Brief at 43.



because CCROSS and revenue apportionments depend on the correct class classification.²⁴

b. GMG

GMG explained that, historically, growth in Small Commercial customers came from businesses in previously unserved areas switching from propane to GMG natural gas service. GMG noted that there was no growth from the addition of new businesses in GMG existing service areas. GMG noted that any projected growth in 2025 is expected to be from infill along existing mains, which implies all the growth would be from new residential developments.²⁵ GMG stated it had not identified any new commercial opportunities along existing mains.

GMG's initial filing included actual customer data through August 2024 and projected data for September to December 2024. The Company's general procedure called for all new customer additions to be classified as Residential customers for simplicity of budgeting and planning. The actual December 2024 Small Commercial customer count was 996.²⁶

GMG added that the OAG's recommendation to adjust the Small Commercial customer count would also affect the Residential customer count. At the end of 2024, GMG had 9,925 Residential Customers and 996 Small Commercial Customers. An update from projected to actual counts would result in a \$7,451 Revenue Forecast adjustment instead of the OAG's \$13,840 adjustment.

Furthermore, GMG argued that if the sales forecast for one class (the Residential class) is revised to the actual 2024 year-end count, then the other classes should also be adjusted according to their 2024 year-end actual counts.²⁷ The Company realized that its 2024 projections were too optimistic compared to actuals; fewer Residential customers were connected and one Transport customer stopped its Transport Service while remaining a GMG customer. Consequently, the adjustment to 2024 actuals would reduce 2025 Test Year Operating Revenue by \$185,507 and increase the Revenue Requirement by \$92,834. Finally, GMG acknowledged that its practice of classifying Small Commercial customers as Residential could lead to discrepancies between the projected and actual 2024 Small Commercial Customer counts.

²⁴ Ex. OAG-303 at 1-3 (Stevenson Direct).

²⁵ GMG Initial Brief at 43.

²⁶ Ex. GMG-109 at 5-6 (Burke Rebuttal).

²⁷ GMG Initial Brief at 43-46.



Reconciling details supporting GMG's \$185,507 reduction in Operating Revenue are listed in Table 204 below:

Table 204: Summary of Operating Revenue – Updated to Reflect Change²⁸

Description	2023 Actual	2024 Actual/Budget	Original 2025 Test Year Filed	2025 Test Year Revised to 2024 Actual	2025 Test Year Original to Revised Changes
<u>Gas Sales & Transportation</u>					
<u>Firm</u>					
Residential	\$9,598,131	\$8,309,256	\$9,915,985	\$9,614,462	(\$301,523)
Commercial	\$1,180,847	\$1,430,137	\$1,728,720	\$1,802,891	\$74,171
Industrial	\$2,481,006	\$3,246,834	\$3,798,864	\$3,798,864	\$0
Transportation	\$217,555	\$140,918	\$93,945	\$93,945	\$0
Total Firm Sales	\$13,477,539	\$13,127,145	\$15,537,514	\$15,310,162	(\$227,352)
<u>Interruptible</u>					
Industrial & Agriculture	\$1,191,214	\$1,416,799	\$1,468,263	\$1,509,540	\$41,277
Transportation	\$1,557,606	\$1,308,040	\$1,448,067	\$1,448,067	\$0
Total Interruptible Sales	\$2,748,820	\$2,724,839	\$2,916,330	\$2,957,607	\$41,277
CCRC from base rates to CIP Tracker	(\$79,969)	(\$71,250)	(\$84,455)	(\$83,887)	\$568
Total Gas Sales and Transportation	\$16,146,390	\$15,780,734	\$18,369,389	\$18,183,882	(\$185,507)
Unbilled Revenue Adj.	(\$110,908)	(\$37,563)	\$0	\$0	\$0
Activation Fees	\$34,286	\$26,615	\$30,200	\$30,200	\$0
Reconnection Fees	\$2,460	\$4,800	\$4,500	\$4,500	\$0
Total Operating Revenue	\$16,072,228	\$15,774,586	\$18,404,089	\$18,218,582	(\$185,507)

²⁸ Ex. GMG 109 at Exhibit RDB-REB 2, Page 1 (Burke Rebuttal).

Reconciling details supporting GMG's \$92,834 reduction in Revenue Requirements are listed in Table 205 below:

Table 205: Revenue Requirements – Updated with Change in Operating Income²⁹
Change in Net Operating Income in Blue

Description	Projected Test Year Ended December 31, 2025 Filed	Projected Test Year Ended December 31, 2025 Revised	Reference
Net Rate Base – Average	\$ 44,920,151	\$ 44,920,151	Line 18, Schedule B-1
Rate of Return	8.199%	8.199%	Line 14, Schedule D-1
Net Operating Income Required	\$ 3,683,003	\$ 3,683,003	
Net Operating Income	\$ 2,673,077	\$ 2,603,225	Line 5, Schedule C-1
Net Operating Income Deficiency	\$ 1,009,926	\$ 1,079,778	
Gross Revenue Conversion Factor	1.4085	1.40331180	
Taxes	\$ 412,505	\$ 435,487	
Revenue Deficiency	\$ 1,422,431	\$ 1,515,265	
Change in Revenue Deficiency		\$ (92,834)	

Since the adjusted revenue deficiency is less than the originally filed request, GMG asked that this adjustment be included in the final order.³⁰

GMG explained, however, that it does not misclassify new customers as Residential.³¹ Rather, the Company normally has secured contracts or service in place with customers who consume large volumes of gas before the line extensions are approved and budgeted. In other cases where GMG lacks sufficient knowledge or a justification for budgeting a new customer to a certain class, it budgets the customer as Residential.

c. Department

The Department initially believed the above arrangement was unreasonable since the revenue deficiency appeared to be larger than originally forecast.³² However, GMG had agreed to other adjustments that reduced the revenue deficiency to a level below the original forecast, as shown in Table 204 and Table 205.³³

²⁹ Ex. GMG-109 at Exhibit RDB 3; Volume 3 – Statement A: Revenue Requirements, Schedule A-1 (Burke Rebuttal).

³⁰ This request is embedded in Decision Option 203.

³¹ GMG Initial Brief at 45.

³² Department Initial Brief at 26-27.

³³ GMG Reply Brief at 17-19.

4. ALJ Report

The ALJ Report noted the OAG's acknowledgement that GMG's theory of exhausting all opportunities to add Small Commercial Customers is theoretically possible. The ALJ Report concluded that GMG has met its burden to demonstrate the reasonableness of its updated sales forecast, and to demonstrate the reasonableness of its forecasted addition of no new Small Commercial customers during the Test Year.³⁴

The ALJ noted the following in her findings:

184. Historically, GMG's growth from 2009 through 2023 resulted from the Company's extension of natural gas service to rural markets that were previously unserved by a natural gas utility.

185. New commercial customers, including new Small Commercial customers, resulted primarily from the conversion of existing businesses in these unserved areas to natural gas service.

186. All the developments that GMG has currently identified for future growth are residential developments, not commercial facilities. GMG has not identified any new commercial loads to be added along its existing mains.

187. Additionally, GMG is not planning any large projects or major main extensions to unserved communities in 2025. GMG projects growth during the 2025 Test Year that follows from infill along its existing mains.

188. GMG projected that its 2024 year-end roster of 946 Small Commercial customers would not grow during the 2025 Test Year.

189. The OAG argues that GMG's historical additions of roughly 30 Small Commercial customers annually from 2019 through 2023 compels a different Small Commercial customer count for the 2025 Test Year.

190. The OAG acknowledges, however, that "it is possible GMG's theory that it has exhausted all opportunities to add small commercial customers is true," and that the "past is not always indicative of the future."

191. The OAG agreed with GMG that it is reasonable to update the 2025 sales forecast with actual 2024 year-end customer count numbers, as long as GMG updates its operating costs and cost of service for the Test Year.

192. Adjusting the sales forecast to utilize the 2024 year-end actual customer counts, results in a downward adjustment of \$185,507 for operating revenues in the Test Year and an increase in the Revenue Requirement of \$92,834.

³⁴ ALJ Report ¶¶ 184-194.



193. GMG has met its burden to demonstrate the reasonableness of its updated sales forecast.

194. GMG has also met its burden to demonstrate the reasonableness of its forecasted addition of no new commercial customer accounts during the Test Year.

5. Exceptions

a. OAG

The OAG argued that GMG did not explain how or why it consolidated all customer growth into the Residential class alone. The mis-categorization of customer growth also affects cost allocations between classes because Small Commercial customers consume more gas than Residential customers. Accurate customer counts and consumption are required for meaningful cost allocations. Otherwise, revenue deficiencies by class become uncertain and inaccurate.³⁵

The OAG argued that GMG never actually updated all its costs for its revised 2024 actual results.³⁶ The above \$92,834 increase in the Revenue Requirement included only one cost adjustment, which was to the cost of gas. If the other costs were adjusted, the increase in the revenue requirement would have been reduced or maybe eliminated. Therefore, according to the OAG, since GMG did not adjust all costs along with revenues, there is no reliable basis for determining the revenue requirement.

The OAG concluded that instead of accepting the ALJ recommendations, the Commission should use GMG's original 2025 test year sales forecast and make only one adjustment, to increase the 2025 test year Small Commercial customer count from 946 to 990. This adjustment would match forecast data to the cost-of-service analysis and correctly reflect Small Commercial customer growth and reduce the revenue requirement by \$13,840.³⁷

The OAG recommended the following adjustments be made to the ALJ Report.

184. GMG's Test Year included the addition of 400 residential customers and no customer additions of any other class. GMG argued that it included additions of other types of customers in this forecasted growth, but that it categorizes them in its Test Year as residential customers as a default choice.

185. The OAG argued that this methodology means the Test Year is based on incorrect data, and because different customer classes use gas differently, the Test Year revenues and cost allocation are both distorted by GMG's choice.

³⁵ OAG Exceptions at 9-11.

³⁶ *Id.* at 6-8.

³⁷ *Id.* at 9-11.

186. Historically, GMG's growth from 2009 through 2023 resulted from the Company's extension of natural gas service to rural markets that were previously unserved by a natural gas utility. GMG grew by an average of 389 residential customers per year from January of 2019 until December of 2023, and an average of approximately 429 residential customers each year from 2008 until 2023, making its forecasted addition of 400 residential customers reasonable.

187. New commercial customers, including new Small Commercial customers, resulted primarily from the conversion of existing businesses in these unserved areas to natural gas service.

188. All the developments that GMG has currently identified for future growth are residential developments, not commercial facilities. GMG stated it has not identified any new commercial loads to be added along its existing mains.

189. Additionally, GMG stated it is not planning any large projects or major main extensions to unserved communities in 2025. GMG projects growth during the 2025 Test Year that follows from infill along its existing mains.

190. GMG projected that its 2024 year-end roster of 946 Small Commercial customers would not grow during the 2025 Test Year. However, by the time it filed its rate case, it already had grown to 970 small commercial customers, despite its claim that its growth after 2023 would be different from its growth between 2009-2023 and it would experience no small commercial customers growth in 2024 or 2025. By the end of 2024, it had grown to 996 small commercial customers.

191. The OAG also demonstrated ~~argues that~~ GMG's historical added ~~of~~ roughly 30 Small Commercial customers annually from 2019 through 2023. ~~compels a different Small Commercial customer count for the 2025 Test Year.~~

~~190. The OAG acknowledges, however, that "it is possible GMG's theory that it has exhausted all opportunities to add small commercial customers is true," and that the "past is not always indicative of the future."~~

192. GMG argued that if it was going to update its small commercial customer count using 2024 actuals, it should update its whole sales forecast using 2024 actuals. The OAG agreed with GMG that it is reasonable to update the 2025 sales forecast with actual 2024 year-end customer count numbers, as long as GMG updates its operating costs and cost of service for the Test Year and still forecasted growth in its small commercial class.

193. GMG adjusted the sales forecast to utilize the 2024 year-end actual customer counts, resulting in a downward adjustment of \$185,507 for operating revenues in the Test Year. ~~and an increase in the Revenue~~



Requirement of \$92,834. GMG argued that this resulted in an increase in its revenue requirement of \$92,834. However, GMG failed to update any of its costs using 2024 actuals, meaning its proposed adjustment to its revenue requirement was calculated incorrectly using data sets that did not match. GMG's adjustment also did not include any Test Year growth in the small commercial class as recommended by the OAG.

194. GMG has not met its burden to demonstrate the reasonableness of its updated sales forecast. Using the updated sales forecast but the original costs of service and operating expenses as advocated by GMG would mean an artificially-increased overall revenue requirement and incorrect Class Cost of Service analysis.

195. GMG has also not met its burden to demonstrate the reasonableness of its forecasted addition of no new small commercial customer accounts during the Test Year. It alleged in its initial filing that it would not add small commercial customers in 2024 or 2025, but it had already added 24 when it made this argument in late 2024 and it never explained the discrepancy or offered any evidence that the same would not happen again in 2025.

196. The Commission will therefore adopt GMG's original Test Year sales forecast, but increase the small commercial customer count from 946 to 990. This will reduce GMG's 2025 revenue requirement by \$13,840.

6. Staff Analysis

Staff notes that the volatility of GMG's Small Commercial customer count forecast appears to be greater than that of Minnesota's larger gas utilities for reasons explained above in party discussions. Forecast errors appear greater since the population of the Small Commercial class is smaller. Both GMG and the OAG face the same forecasting challenge of small scale.

Another distinction of GMG is its relatively small scale of operations, which means that it could simplify operational and budgeting procedures with no detriment to decision-making effectiveness by temporarily combining class forecasts until more information is known. Depth of sales forecasting analysis may not be so critical, compared to a much larger utility, since the pool of customers is much smaller, and GMG can be nimbler in responding to changing market circumstances.

However, the test year sales forecast and the related revenue requirement become constants in GMG's strategy once the Commission issues its Order. Thus, forecasting and operational variances will naturally be more visible as the Company's small market dynamics interact with a fixed rate case. In such a situation, the Commission could allow for a greater range of acceptable outcomes.



7. Decision Options

203. Adopt GMG's forecasted 2025 Test Year addition of zero Small Commercial customers. [GMG, ALJ]

Or

204. Adopt the OAG's recommendation to increase the Small Commercial count to 990. [OAG]

If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:

- a. Replace ALJ Findings 186 - 195 with the OAG's proposed language.
- b. Adopt the OAG's proposed Findings 185, 185, and 196.
- c. Reject ALJ Finding 190.

C. Sales Forecast Methodology

1. Introduction

As a small utility, GMG uses simple methods to estimate sales by class. In addition, GMG's recent billing system upgrade limited the amount of historical detailed billing cycle data available for analysis. Unlike larger utilities, GMG faces budget constraints in purchasing more robust statistical packages for projecting sales. The Department noted the limitations of GMG's present sales forecast methodology. The OAG recommended the Company acquire inexpensive, yet effective analytical software for its next rate case.

2. Case Record

Ex. DOC 204 at 11-13 (Shah Direct)
 Ex. OAG 303 at 13-14 (Stevenson Direct)
 Ex. GMG-103, at 14-18 (Burke Direct)
 Ex. GMG-109 at 4-5 (Burke Rebuttal)
 OAG Exceptions at 14

3. Party Positions

a. GMG

GMG's sales forecast methodology consists of two steps.³⁸ First, using the most recent five-year data, the relationship between historical billed data and historical associated customer counts was estimated to yield average monthly gas use per customer (UPC). Next, UPC was multiplied by projected customer counts to estimate average 2025 test year sales by class.

³⁸ Ex. GMG-103, at 14-18 (Burke Direct).

Estimated customer counts for the Residential and Small Commercial rate classes were derived from December 2023 actual customer counts. Adjustments to these counts were made based on GMG's historical information and institutional knowledge of the customer base in its service area.

b. Department

However, the Department noted that while GMG provided monthly data in its 5-year history, it did not provide the detailed billing cycle data to reconcile to the monthly totals.³⁹ The Department argued that billing cycle data, such as billing cycle sales, billing cycle customer counts, and billing cycle weather data is necessary for the Department's replication of GMG's forecast models and the creation of its own, independent models.

The Department proposed related recommendations⁴⁰ which, for the sake of simplicity, were separated from this issue and will be discussed later in the briefing papers in the Prior Rate Case Compliance section.

c. OAG

The OAG also expressed concern that GMG's sales forecast lacked robust statistical support.⁴¹ Features of robust utility sales forecasts include weather normalization in past years, and the use of economic and demographic explanatory variables.

d. GMG

GMG indirectly referred to sales forecast methodology in Rebuttal testimony regarding the contested issue of Prior Rate Case Compliance and Future Compliance Reporting.⁴² Please see this section below for more information.

4. ALJ Report

The ALJ Report did not explicitly address this issue.

5. Exceptions

a. OAG

The OAG recommended that GMG use new but not excessively complicated statistical methods with inexpensive tools such as Microsoft Excel in its next rate case since the process may take more time than available in the current rate case.⁴³

³⁹ Ex. DOC-204 at 11-13 (Shah Direct).

⁴⁰ *Id.* at 18.

⁴¹ Ex. OAG-303 at 13-14 (Stevenson Direct).

⁴² Ex. GMG-109 at 4-5 (Burke Rebuttal).

⁴³ OAG Exceptions at 14.

The OAG recommended the following adjustments be made to the ALJ Report.

1. The OAG expressed concern that Greater Minnesota Gas's sales forecast methodology lacked statistical support. The OAG explained that utilities usually weather normalize their historical sales and sales forecasts to be able to compare because gas usage varies between warmer and colder years. The OAG also explained that Greater Minnesota Gas did not conduct its sales forecast using economic and demographic data, whereas other utilities do.

2. For its next rate case, the OAG recommended that Greater Minnesota Gas be required to weather normalize sales in its test year and use demographic and economic variables to project customer counts and sales for the residential and small business classes in its test year(s).

3. Greater Minnesota Gas did not respond to this recommendation by the OAG in testimony. Greater Minnesota Gas's Gas Jurisdictional Annual Report indicates that Greater Minnesota Gas does weather normalize sales for that report.

4. Requiring Greater Minnesota Gas to weather normalize its test year and use demographic information and economic variables to make the sales forecast in its next rate case more robust is just and reasonable.

5. The Commission will order Greater Minnesota Gas to weather normalize its test year and use demographic information and economic variables to make the sales forecast in its next rate case more robust.

6. Staff Analysis

Staff agrees that robust sales forecast methodologies benefit all parties but also cost time and money. Smaller utilities such as GMG face a tighter budget constraint for sales analysis than larger utilities. Therefore, the Commission may wish to further explore this issue at the October 9, 2025 agenda meeting.

7. Decision Options

205. Require GMG, in its next rate case sales forecast, to weather normalize sales and use demographic and economic variables to project customer counts and sales for the Residential and Small Commercial classes in its test year(s). [OAG]

If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:

Adopt the OAG's proposed Findings 1-5.

Or



206. Do not require GMG to weather normalize sales and use demographic and economic variables to project customer counts and sales for the Residential and Small Commercial classes in its test year(s) in its next rate case sales forecast. [GMG]

D. Under-forecasting of Large Commercial Customer Sales Growth

1. Introduction

GMG's Large Commercial customer class grew at a relatively high growth rate from 2009 to 2019 compared to that of the last six years. The Company's 2025 test year sales projection is based off the flatter, more recent rate of growth. The OAG believed, however, that if a higher growth rate returns after new rates are approved, GMG could gain an advantage from the effective under-forecasting of Large Commercial sales.

2. Case Record

Ex. GMG 103 at 17 (Burke Direct)
 Ex. GMG 109 at 7-8 (Burke Rebuttal)
 Ex. OAG 303 at 12-13 (Stevenson Direct)
 Ex. OAG 305 at 5-6 (Stevenson Surrebuttal)

3. Party Positions

a. GMG

Seeing no new prospects for additional large and industrial customers in its rural market area, GMG forecasted zero growth for the larger-use classes.⁴⁴

b. OAG

The OAG presented Table 206 below showing that while GMG's Large Commercial customer growth from 2019-2024 was relatively flat, growth from 2009-2019 was strong. The OAG believed that if the strong growth in large industrials returned, cost allocations could be adversely affected. The OAG suggested that the possibility of GMG under-forecasting Large Commercial Customer Sales growth could result in two effects detrimental to ratepayers. First, the actual, but under-forecasted addition of a large load would allow the Company to exceed its authorized revenue requirement and benefit shareholders. A new large customer would have a large impact on rates.

⁴⁴ Ex. GMG-103 at 17 (Burke Direct).

**Table 206: Comparison of Customer Counts in 2009, 2019, & 2024⁴⁵**

	2009	2019	2024
Commercial	35	57	56
Medium Industrial	8	31	28
Large Industrial	6	63	68
Agricultural	25	82	87

Second, the addition of a large industrial customer would also affect cost apportionment. In this case, the industrial class's share of consumption would increase, indicating that it should be allocated more costs. However, the increased allocation of costs would not happen until GMG came in for a new rate case.

The OAG, therefore, recommended that the Commission order GMG to make a filing in this docket if it adds a customer in its Commercial, Medium or Large Industrial class, Interruptible Agricultural class, or any other large volume customer class that GMG may create.⁴⁶

c. GMG

GMG objected to the OAG's recommendation, stating such a filing would provide no meaningful or relevant information. Furthermore, customer count data is already reported and available in the Gas Jurisdictional Annual Report (JAR) in May of each year.⁴⁷

d. OAG

The OAG replied to GMG's observation that the Gas Jurisdictional Annual Report (JAR) already provides customer count information. While the JAR reports sales by class, it does not provide this data by customer.⁴⁸ Thus, detection of a large spike in sales would not be possible.

4. ALJ Report

The ALJ Report did not explicitly address this issue.

5. Staff Analysis

Staff notes that recent historical data may carry more explanatory significance than more distant data, and therefore the Commission may wish to explore the likelihood of a return to high growth rates for the Large Commercial class at the October 9th agenda meeting.

⁴⁵ Ex. OAG-303 at 12-13 (Stevenson Direct).

⁴⁶ *Id.* at 13. The OAG noted that this requirement should also include transportation customers which are currently not listed as a separate class.

⁴⁷ Ex. GMG-109 at 7-8 (Burke Rebuttal).

⁴⁸ Ex. OAG-305 at 5-6 (Stevenson Surrebuttal).



6. Decision Options

207. Require GMG to make a filing in this docket if it adds a customer in its Commercial, Medium or Large Industrial class, Interruptible Agricultural class, or any other large volume customer class that GMG may create. [OAG]

Or

208. Adopt GMG's recommendation to not require GMG to make a filing in this docket if it adds a customer in its Commercial, Medium or Large Industrial class, Interruptible Agricultural class, or any other large volume customer class that GMG may create. [GMG]

E. Prior Rate Case Compliance and Future Compliance Reporting

1. Introduction

The Department claimed that GMG did not comply with the 2004, 2006, and 2009 rate case orders, leading to difficulties in accessing data and investigating the Company's present rate case filing. Both parties recommended Commission actions to remedy this situation.

2. Case Record

Ex. GMG-109 at 4-5 (Burke Rebuttal)
 GMG Exceptions at 2
 Ex. DOC 204 at 7-11 (Shah Direct)
 DOC Exceptions at 17-18

3. Party Positions

a. Department

The Department stated that its difficulty in examining GMG's sales forecast methodology was largely due to the Company's lack of compliance with prior rate case orders dating from 2004, 2006, and 2009.⁴⁹

Specifically, in the 2009 Rate Case, the Department recommended, and the Commission subsequently ordered:⁵⁰

The [Department] recommends that the Commission require Greater Minnesota to provide in its initial petition, in subsequent rate case filings, billing cycle sales and billing cycle customer data from the Company's AR Reports from January 2005 until the most recent date prior to the rate case filing. If possible, Greater Minnesota should also provide the start and end

⁴⁹ Ex. DOC-204 at 7-11 (Shah Direct).

⁵⁰ *Id.* at 10.



date of each billing cycle (in the same format as provided in Volume 3, Attachment 2, in GMG's initial petition in this case) and heating degree days that correspond to these start and end dates. These data should be adjusted for any, and all, billing errors in a format to allow independent verification of any data used by Greater Minnesota, in order to independently analyze the reasonableness of the test year sales.

The 2004 and 2006 Orders required GMG to provide similar billing and sales data.

The Department stated that it expects GMG to fully comply with the 2004, 2006, and 2009 Rate Case Orders in future rate cases. In addition, the Department is willing to meet with GMG before the next rate case to help it fully comply with the prior rate case Orders and the Order coming from the present rate case.

In conclusion, the Department recommended the following:⁵¹

- given GMG's new billing system, if, in the future, GMG updates, modifies, or changes its billing system, GMG should be required to provide a bridging schedule that fully links together the old and new billing systems and validates that there is no difference between the two billing systems.
- the Commission order GMG to retain and provide in future rate case filings the following:
 - all information on the billing cycle sales, cancellations/rebills, customer bills, weather data, adjusted for billing errors in the period(s) in which they occur as opposed to the time period(s) when the billing errors are discovered; and
 - all the above information should be in a format to facilitate and allow independent verification of any and all data used by GMG; and to also be used to independently analyze the reasonableness of the test-year sales.
- the Company meet with the Department at least nine months prior to the Company filing any future rate cases given that the Department is willing to meet with GMG to help it fully comply with the Commission's GMG 2004 Rate Case Order, GMG 2006 Rate Case Order, GMG 2009 Rate Case Order and the Commission's final Order(s) stemming from this proceeding.

b. GMG

GMG stated the following reasons for its non-compliance with the Commission's 2004 Rate Case Order.⁵² First, the Company provided the most recent five years of data because it is the

⁵¹ Ex. DOC-204 at 18-19 (Shah Direct).

⁵² Ex. GMG-109 at 4-5 (Burke Rebuttal).



most relevant to the present context. The Company has grown greatly since 2004, thus making older data less meaningful. Second, GMG's previous software package had significant limitations; it was not designed for long-term data retention and lacked historical reporting features. Data was only available on paper or PDFs, making data entry of such a large volume of data impractical and extremely expensive.

In 2024, GMG acquired new, robust billing software that can provide for data retention and detailed reporting in the next rate case.

4. ALJ Report

The ALJ Report did not explicitly address this issue.

5. Exceptions

a. Department

The Department noted that a lack of compliance prevents independent review of Company data; analysis of the reasonableness of test year sales is not possible. The difficulty of conducting an independent analysis of test year sales would lead to doubt about the forecast, which must be resolved in favor of the consumer.⁵³

b. GMG

GMG recommended that the Commission, in order to remove any confusion about compliance to prior rate case orders, include in its present Order a provision superseding all prior GMG rate case order compliance requirements, and clearly stating filing requirements for the Company's next rate case.⁵⁴

6. Staff Analysis

Staff notes that the Commission may wish to consider consolidating and updating the 2004, 2006, and 2009 orders to improve efficiencies in future compliance filings at the October 9th agenda meeting.

7. Decision Options

Bridging Schedule

209. Require GMG to provide a bridging schedule that fully links together the old and new billing systems if GMG updates, modifies, or changes its billing system. [Department]

Or

⁵³ Department Exceptions at 17-18.

⁵⁴ GMG Exceptions at 2.



210. Do not require GMG to provide a bridging schedule that fully links together the old and new billing systems if GMG updates, modifies, or changes its billing system. [GMG]

Future rate case provisions⁵⁵

211. Require GMG to retain and provide in future rate cases all information on the billing cycle sales, cancellations/rebills, customer bills, weather data, adjusted for billing errors in the period(s) in which they occur as opposed to the time period(s) when errors are discovered, in a format to facilitate and allow independent verification of all data used by GMG, and to also be used to independently analyze the reasonableness of the test-year sales. [Department]

Or

212. Do not require GMG to retain and provide in future rate cases all information on the billing cycle sales, cancellations/rebills, customer bills, weather data, adjusted for billing errors in the period(s) in which they occur as opposed to the time period(s) when errors are discovered, in a format to facilitate and allow independent verification of all data used by GMG, and to also be used to independently analyze the reasonableness of the test-year sales. [GMG]

Meetings with the Department in advance of next rate case⁵⁶

213. Require GMG to meet with the Department at least nine months prior to the Company filing any future rate cases to discuss compliance with applicable requirements. [Department]

Or

214. Do not require GMG to meet with the Department at least nine months prior to the Company filing any future rate cases to discuss compliance with applicable requirements. [GMG]

Future Compliance Reporting⁵⁷

215. Adopt GMG's request to determine that any compliance requirements adopted in GMG rate case orders issued prior to this order shall not apply to future GMG rate cases. Authorize the Executive Secretary to clearly state filing requirements for the Company's next rate case. [GMG]

Or

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.*



216. Adopt the Department's recommendation to not determine that any compliance requirements adopted in past GMG rate case orders shall not apply to future GMG rate cases. [Department]



IV. Decision Options

New Residential Customer First-Year Sales Estimation

201. Maintain GMG's partial first-year recommendation to use the approximately 21.6 MCF annual 12-month usage and the approximately 3-month "customer charge revenues" for estimating first-year sales of new Residential customers, as incorporated in GMG's sales forecast. [GMG, ALJ]

Or

202. Adopt the Department's full first-year recommendation to use the approximately 86.0 MCF annual 12-month usage and the 12-month "customer charge revenues" for estimating first-year sales of new Residential customers. Adopt the Department's proposed modifications and additions to ALJ Findings 173–183 accordingly as shown in the Department's Exceptions. [Department]

If the Commission makes this determination, it may want to adopt one or more of the following recommended by the Department:

- a. Replace ALJ Findings 173, 177a, and 183 with Department's proposed language.
- b. Adopt the Department's proposed Findings 173a, 177, 178-181, 183a and 183b.
- c. Reject ALJ Findings 178-182.

Small Commercial Customer Counts

203. Adopt GMG's forecasted 2025 Test Year addition of zero Small Commercial customers. [GMG, ALJ]

Or

204. Adopt the OAG's recommendation to increase the Small Commercial count to 990. [OAG]

If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:

- a. Replace ALJ Findings 186 - 195 with the OAG's proposed language.
- b. Adopt the OAG's proposed Findings 185, 185, and 196.
- c. Reject ALJ Finding 190.



Sales Forecast Methodology for Future Rate Cases

205. Require GMG, in its next rate case sales forecast, to weather normalize sales and use demographic and economic variables to project customer counts and sales for the Residential and Small Commercial classes in its test year(s). [OAG]

If the Commission makes this determination, it may want to adopt one or more of the following recommended by the OAG:

Adopt the OAG's proposed Findings 1-5.

Or

206. Do not require GMG to weather normalize sales and use demographic and economic variables to project customer counts and sales for the Residential and Small Commercial classes in its test year(s) in its next rate case sales forecast. [GMG]

Under-forecasting of Large Commercial Customer Sales Growth

207. Require GMG to make a filing in this docket if it adds a customer in its Commercial, Medium or Large Industrial class, Interruptible Agricultural class, or any other large volume customer class that GMG may create. [OAG]

Or

208. Adopt GMG's recommendation to not require GMG to make a filing in this docket if it adds a customer in its Commercial, Medium or Large Industrial class, Interruptible Agricultural class, or any other large volume customer class that GMG may create. [GMG]

Prior Rate Case Order Compliance and Future Compliance Reporting

Bridging Schedule

209. Require GMG to provide a bridging schedule that fully links together the old and new billing systems if GMG updates, modifies, or changes its billing system. [Department]

Or

210. Do not require GMG to provide a bridging schedule that fully links together the old and new billing systems if GMG updates, modifies, or changes its billing system. [GMG]

Future rate case provisions

211. Require GMG to retain and provide in future rate cases all information on the billing cycle sales, cancellations/rebills, customer bills, weather data, adjusted for billing errors in the period(s) in which they occur as opposed to the time period(s) when errors are discovered, in a format to facilitate and allow independent verification of all data used by GMG, and to also be used to independently analyze the reasonableness of the test-year sales. [Department]

Or

212. Do not require GMG to retain and provide in future rate cases all information on the billing cycle sales, cancellations/rebills, customer bills, weather data, adjusted for billing errors in the period(s) in which they occur as opposed to the time period(s) when errors are discovered, in a format to facilitate and allow independent verification of all data used by GMG, and to also be used to independently analyze the reasonableness of the test-year sales. [GMG]

Meetings with the Department in advance of next rate case

213. Require GMG to meet with the Department at least nine months prior to the Company filing any future rate cases to discuss compliance with applicable requirements. [Department]

Or

214. Do not require GMG to meet with the Department at least nine months prior to the Company filing any future rate cases to discuss compliance with applicable requirements. [GMG]

Future Compliance Reporting

215. Adopt GMG's request to determine that any compliance requirements adopted in GMG rate case orders issued prior to this order shall not apply to future GMG rate cases. Authorize the Executive Secretary to clearly state filing requirements for the Company's next rate case. [GMG]

Or

216. Adopt the Department's recommendation to not determine that any compliance requirements adopted in past GMG rate case orders shall not apply to future GMG rate cases. [Department]