

August 1, 2024

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G022/M-24-45

Dear Mr. Seuffert:

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

Greater Minnesota Gas, Inc.'s Petition for Approval of 2023 Energy Conservation and Optimization Program Tracker Account and Proposed Conservation Cost Recovery Adjustment (*Petition*)

The *Petition* was filed on June 5, 2024 by:

Kristine A. Anderson
Corporate Attorney
Greater Minnesota Gas, Inc.
1900 Cardinal Lane
Faribault, MN 55021

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve Greater Minnesota Gas's *Petition***. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ DR. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Division of Energy Resources

Docket No. G022/M-24-45

I. SUMMARY OF THE UTILITY'S PROPOSAL

On June 5, 2024, Greater Minnesota Gas, Inc. (GMG or the Company) submitted its Petition for Approval of 2023 Energy Conservation and Optimization (ECO) Program Tracker Account and Proposed Conservation Cost Recovery Adjustment (*Petition*) with the Minnesota Public Utilities Commission (Commission) in Docket No. G022/M-24-45. In its *Petition*, GMG requested that the Commission approve:

- A 2023 ECO program tracker with a year-end balance of \$415,344; and
- A 2024 Conservation Cost Recovery Adjustment (CCRA) of \$0.4407 per dekatherm (Dth), effective on the first day of the month following approval.

The Company also noted its intent to update the previously approved bill message language, revised to reflect the new CCRA, for inclusion with bills in the month immediately following approval.

II. COMMISSION'S 2021 ORDER

On October 22, 2021, the Commission issued its Order approving GMG's 2020 Conservation Improvement Program (CIP) Tracker Account and Conservation Cost Recovery Adjustment,¹ with the following determinations:

1. Approved GMG's 2020 Conservation Improvement Program tracker account, as summarized in Table 1 of the comments of the Minnesota Department of Commerce, with a December 31, 2020 tracker balance of (\$15,200);
2. Approved the implementation of a Conservation Cost Recovery Adjustment of \$0.1965 per dekatherm, effective January 1, 2022;
3. Approved GMG's proposed bill message;
4. Required GMG to submit a filing within 10 days with revised tariff sheets reflecting the Commission's determination in this matter.

On October 22, 2021, GMG submitted its compliance tariff sheets in response to Order Point 4.

¹ See the Commission's October 22, 2021 Order in Docket No. G022/M-21-306.

III. DEPARTMENT ANALYSIS

The Department's analysis of GMG's *Petition* is provided below in the following sections:

- In Section III.A, a review of Minnesota's updated conservation statutes;
- In Section III.B, GMG's proposed reconciliation for its 2023 ECO tracker account;
- In Section III.C, GMG's proposed CCRA for 2024/2025;
- In Section III.D, GMG's historical performance;
- In Section III.E, GMG's proposed bill message.

A. MINNESOTA'S UPDATED CONSERVATION STATUTES

In 2021, the Minnesota Legislature passed the Energy Conservation and Optimization (ECO) Act. This act updated Minnesota's existing "CIP" Statutes, which have since become known as the "ECO" statutes. Subsequently, the state's Conservation Improvement Program (CIP) was re-branded as the state's Energy Conservation and Optimization (ECO) program. As a result, GMG's triennial filing governing the 2021-2023 years was considered a "CIP" Triennial Filing (Docket No. G022/CIP-20-474) and GMG's most recent triennial filing covering years 2024-2026 was considered its first "ECO" Triennial Filing (Docket No. G022/CIP-23-96).

The ECO Statutes impacting Investor-Owned Utilities are as follows:

- Minnesota Statutes § 216B.2401 (Energy Savings and Optimization Policy Goal);
- Minnesota Statutes § 216B.2402 (Definitions);
- Minnesota Statutes § 216B.241 (Public Utilities; Energy Conservation and Optimization);
- Minnesota Statutes § 216B.2411 (Distributed Energy Resources); and
- Minnesota Statutes § 216B.2412 (Decoupling of Energy Sales from Revenues).

The Department has reviewed the ECO Statutes for any changes that potentially impact the Commission. As under the former CIP Statutes, the ECO Statutes grant jurisdiction to the Department for most of the state's conservation activities. However, the Commission continues to have jurisdiction over two specific conservation items relevant to these Comments: the financial incentive and the recovery of ECO (formerly CIP) costs. The Department found no substantive changes to those sections concerning the Commission's authority that would impact this proceeding.

Therefore, the Department has determined that its current review of GMG's *Petition* can proceed as it has in past years.

B. GMG'S PROPOSED 2023 ECO TRACKER ACCOUNT

In its *Petition*, GMG requested approval of its report on recoveries and expenditures included in the Company's ECO tracker account balance during 2023. Activity in GMG's ECO tracker account during 2023 can be found in Attachment A of the utility's *Petition*.

The most recent Commission Order regarding GMG's ECO tracker account approved the account balance as of December 31, 2020.² GMG's *Petition* did not include the actual tracker account data for 2021 and 2022. The Department requested this information from the Company to be able to reconcile the 2023 tracker account. Absent the 2021 and 2022 data, the Department would be unable to determine if the beginning balance used in the Company's 2023 tracker is accurate. The Company provided the tracker account data for 2021 and 2022, which the Department has included with these comments as Attachment 1. The Department incorporates the 2021 and 2022 data into the reconciliation below.

The Company's ECO tracker account balance for the years 2021, 2022, and 2023 is summarized below in Department Table 1.

Department Table 1: A Summary of GMG's 2021-2023 ECO Tracker Account

Line	Description	Time Period	Amount
1	Beginning Balance	January 1, 2021	(\$15,200)
2	ECO Expenses	January 1, 2021 – December 31, 2023	\$1,365,396
3	DSM Financial Incentive	Approved in 2021 – 2023	\$0
4	Carrying Charges	January 1, 2021 – December 31, 2023	\$0
5	ECO Expenses Subtotal [Line 1 + Line 2 + Line 3 + Line 4]	January 1, 2021 – December 31, 2023	\$1,350,196
6	CCRC Recovery	January 1, 2021 – December 31, 2023	(\$230,781)
7	CCRA Recovery	January 1, 2021 – December 31, 2023	(\$704,072)
8	ECO Revenues Subtotal [Line 6 + Line 7]	January 1, 2021 – December 31, 2023	(\$934,853)
9	Ending Balance [Line 5 + Line 8]	December 31, 2023	\$415,344

The Department reviewed Attachment A of the *Petition*, along with the 2021 and 2022 data provided by the Company and included with these comments as Attachment 1, and concludes that the Company correctly calculated its 2021, 2022, and 2023 ECO Tracker account. Therefore, the Department recommends the Commission approve GMG's 2021, 2022, and 2023 ECO tracker, resulting in a December 31, 2023 balance of \$415,344.

² See the Commission's October 22, 2021 Order in Docket No. G022/M-21-306.

The Department requests that in future years, the Company provide the ECO tracker for each year since the most recently approved year-end balance (in this case, for year 2023) and provide the tracker in an Excel spreadsheet with all formula intact.

C. GMG'S PROPOSED UPDATED CCRA

The Commission approved GMG's current CCRA of \$0.1965 per dekatherm on October 22, 2021 in Docket No. G022/M-21-306. In its *Petition*, GMG proposed to increase its CCRA from \$0.1965/Dth to \$0.4407/Dth effective on the first day of the month following approval. GMG states that its CCRA is based on a forward-looking calculation targeting a \$0 tracker balance as of December 31, 2025.³

The projected effects of the current and proposed CCRA to the 2024 and 2025 ECO trackers are shown below in Table 2. GMG's projections assume the proposed CCRA of \$0.4407/Dth is effective September 1, 2024.

Department Table 2: Summary of GMG's 2024-2025 Projections with a CCRA rate of \$0.1965/Dth until August 31, 2024 and \$0.4407/Dth effective September 1, 2024⁴

Line No.	Description	Jan 2024 - Aug 2024	Sep 2024 - Dec 2024	2025
1	Beginning Balance (\$)	\$415,344	\$480,774	\$350,414
2	ECO Expenditures (\$)	\$319,196	\$184,454	\$503,650
3	ECO-Applicable Sales (Dth)	1,067,141	653,129	1,771,877
4	Base Rate (CCRC) (\$/Dth)	\$0.0413	\$0.0413	\$0.0413
5	Base Rate Recoveries (\$) [Line 3 * Line 4 * -1]	(\$44,073)	(\$26,974)	(\$73,179)
6	CCRA (\$/Dth)	\$0.1965	\$0.4407	\$0.4407
7	CCRA Recoveries (\$) [Line 3 * Line 6 * -1]	(\$209,693)	(\$287,840)	(\$780,866)
8	Ending Balance (\$) [Line 1 + Line 2 + Line 5 + Line 7]	\$480,774	\$350,414	\$19

In the Department's comments from GMG's most recent CCRA proceeding, in docket G022/M-21-306, the Department suggested that GMG may wish to implement its proposed CCRA sooner than the beginning of the next calendar year.⁵ GMG's proposal in the current docket is in line with the Department's suggestion, in that the Company requested approval for its new CCRA effective on the first day of the month following approval. The Department continues to support this approach.

The Company stated its intent to file an updated tracker with actual expenditures for 2024 due to the potential for the actual tracker balance to vary from projections.⁶ The Department supports this

³ *Petition* at 2.

⁴ GMG used actual values for January – May 2024 and projected values thereafter.

⁵ See the Department's July 1, 2021 comments in docket G022/M-21-306 at 3.

⁶ *Petition* at 3.

approach and suggests that on an annual basis GMG file its ECO tracker account and request adjustment of its CCRA, if appropriate, to avoid large account balances and resulting large adjustments to the CCRA.

The Department reviewed GMG's proposed CCRA and its projections for the ECO tracker through 2025 based on its proposed CCRA. The Department concludes that GMG's calculations are correct and the proposed CCRA is reasonable. The Department recommends the Commission approve GMG's proposed CCRA of \$0.4407/Dth.

The Department requests that in future years, the Company also provide its two years of projected trackers in an Excel spreadsheet with all formula intact.

D. GMG'S HISTORICAL PERFORMANCE

The Department provides below a historical comparison of GMG's ECO activities from 2010 through the Company's proposed 2023 figures. This table shows how the Company's ECO expenditures, year-end tracker balances, and first year energy savings have changed over time. Unlike other utilities, GMG has not implemented a Demand Side Management (DSM) Shared Savings Incentive or ECO tracker carrying charges.

Department Table 3: GMG Summary ECO Statistics, 2010-2023

Year	Dept ECO Review Docket No.	PUC ECO Tracker and CCRA Review Docket No.	ECO Expenses (Approved by Department Deputy Commissioner)	ECO Tracker Year End Balance (Approved by Commission)	First Year Energy Savings (Approved by Department Deputy Commissioner)	First Year Savings as Percentage of Retail Sales (Approved by Department Deputy Commissioner)
2010	09-968.01	n/a	\$20,323	n/a	1,711	0.43%
2011	09-968.02	n/a	\$16,835	n/a	1,568	0.39%
2012	09-968	n/a	\$31,068	n/a	1,926	0.48%
2013	12-690.01	n/a	\$86,088	n/a	4,155	0.90%
2014	12-690.02	n/a	\$100,725	n/a	5,157	1.14%
2015	12-690.03	16-494	\$109,114	\$178,160	6,810	1.51%
2016	12-690.04	16-494	\$116,816	\$270,706	9,426	2.09%
2017	16-118.01	19-633	\$137,267	\$106,292	5,398	0.48%
2018	16-118.02	19-633	\$204,213	-\$89,196	12,137	1.18%
2019	16-118.03	20-458	\$245,781	-\$247,725	12,809	1.25%
2020	16-118.04	21-306	\$287,639	-\$15,200	10,563	1.03%
2021	20-474	24-45	\$389,912	\$306,094	14,460	0.84%
2022	20-474	24-45	\$551,085	\$464,864	17,469	1.01%
2023 (proposed)	20-474	24-45	\$401,205	\$415,344	12,498	0.72%

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

- From 2010 to 2023, GMG’s savings increased 630 percent and spending increased 1,874 percent;
- From the 2010-2012 three-year time period to the 2021-2023 three-year time period, average savings increased 754 percent (from 1,735 Dth in 2010-2012 to 14,809 Dth in 2021-2023) and average spending increased 1,867 percent (from \$22,742 in 2010-2012 to \$447,401 in 2021-2023);
- GMG did not meet its 1.00 percent savings as a percentage of ECO-applicable retail sales goal in 7 years between 2010 and 2023.

These figures are shown in the following table:

Department Table 4: Savings and Spending Growth for GMG, 2010-2023 Select Years

	Savings (Dth)	Spending
2010	1,711	\$20,323
2023	12,498	\$401,205
Percent Change	630%	1,874%
2010-2012	1,735	\$22,742
2021-2023	14,809	\$447,401
Percent Change	754%	1,867%

E. GMG’S PROPOSED BILL MESSAGE

GMG proposed to update the previously approved bill message language notifying customers of the increase in the CCRA. The Company intends to update the language for inclusion with bills in the month immediately following a Commission Order. GMG’s proposed updated languages reads:

Effective _____, 2024, your bill will include an adjusted Conservation Cost Recovery Adjustment (CCRA). The Minnesota Public Utilities Commission approved the CCRA on _____, 2024. The CCRA is necessary and allowed by law to fund the state-mandated Energy Conservation and Optimization Program. The CCRA is \$0.04407 per therm, or \$0.4407 per dekatherm, of natural gas that you use. If you have questions, please contact us at 1-888-931-3411 or www.greatermngas.com. Thank you.

The Department recommends approval of the updated bill message language.

III. RECOMMENDATIONS

The Department reviewed GMG's *Petition* and concludes that it is generally reasonable. The Department requests that in future filings GMG provide ECO (formerly CIP) trackers as Excel spreadsheets, with all formulae intact, covering all months from the most recently approved tracker (in this case, year 2023).

The Department recommends that the Commission:

1. Approve GMG's 2021, 2022, and 2023 ECO tracker account, as summarized in Department Table 1 above, with a December 31, 2023 tracker balance of \$415,344;
2. Approve a Conservation Cost Recovery Adjustment of \$0.4407/Dth to be effective on the first day of the month following approval;
3. Approve GMG's proposed bill message; and
4. Require GMG to submit a compliance filing, within 10 days of the issue date of the Order in the present docket, with revised tariff sheets reflecting the Commission's determinations in this matter.

Greater Minnesota Gas														
CIP Tracker and Balance														
2022														
		Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Annual Summary
	Expenses	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
1	Beginning Balance- Under/(Over) Recovered	306,094	330,414	280,018	275,746	296,947	320,453	368,298	405,245	429,285	465,357	461,272	448,199	306,094
2	CIP Expenses	36,125	38,793	58,586	63,719	51,677	62,433	46,485	33,709	48,322	28,474	37,711	72,634	578,668
3	Financial Incentive													
4	Additional Adjustments													
5	Total Balance, Expenses, Adjustments, Incentive (Lines 1+2+3+4)	342,219	369,207	338,604	339,465	348,624	382,886	414,783	438,954	477,607	493,831	498,983	520,832	884,762
	Recoveries													
6	Total Sales (Dth)	301,281	388,993	273,858	186,017	120,461	62,185	40,616	41,373	52,656	143,663	225,372	249,306	2,085,781
7	CIP-Exempt Sales (Dth)	15,451	13,931	9,527	7,220	1,995	841	507	714	1,142	6,747	11,811	13,945	83,831
8	Total CIP-Applicable Sales (MCF) (Line 6 - Line 7)	285,830	375,062	264,331	178,797	118,466	61,344	40,109	40,659	51,514	136,916	213,561	235,361	2,001,950
9	Base Rate (CCRC) (\$/Dth)	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	0.0413	
10	Base Rate (CCRC) Recovery (\$) (Line 8*Line 9)	(11,805)	(15,490)	(10,917)	(7,384)	(4,893)	(2,534)	(1,657)	(1,679)	(2,128)	(5,655)	(8,820)	(9,720)	(82,681)
11	Adjustment Factor (CCRA) (\$/Dth)	-	0.1965	0.1965	0.1965	0.1965	0.1965	0.1965	0.1965	0.1965	0.1965	0.1965	0.1965	
12	Adjustment Factor (CCRA) Recovery (\$) (Line 8 * Line 11)	-	(73,700)	(51,941)	(35,134)	(23,279)	(12,054)	(7,881)	(7,989)	(10,123)	(26,904)	(41,965)	(46,248)	(337,218)
13	Total Recoveries (\$) (Lines 10 + 12)	(11,805)	(89,190)	(62,858)	(42,518)	(28,171)	(14,588)	(9,538)	(9,669)	(12,250)	(32,559)	(50,785)	(55,969)	(419,898)
	Carrying Charges													
14	Sub-Balance (\$) (Lines 5 + 13)	330,414	280,018	275,746	296,947	320,453	368,298	405,245	429,285	465,357	461,272	448,199	464,864	464,864
15	Carrying Charge Rate													
16	Carrying Charges (\$) (Line 14 * Line 15)													
17	Ending Tracker Balance (\$) - Under/(Over) Recovered (Lines 14 + 16)	330,414	280,018	275,746	296,947	320,453	368,298	405,245	429,285	465,357	461,272	448,199	464,864	464,864