

February 2, 2021

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/S-20-837

Dear Mr. Seuffert:

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

In the Matter of the Petition of Greater Minnesota Gas Inc. for Approval of 2021 Capital Structure and Permission to Issue Securities.

The Petition was filed on November 23, 2020 by:

Kristine A. Anderson, Esq.
Greater Minnesota Gas, Inc.
202 South Main Street,
P.O. Box 68
Le Sueur, Minnesota 56058
(507) 209-2110

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

Sincerely,

/s/ GEMMA MILTICH
Financial Analyst, CPA

GM/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G022/S-20-837

I. INTRODUCTION

On November 23, 2020, Greater Minnesota Gas, Inc. (GMG or the Company) filed a petition (Petition) requesting that the Minnesota Public Utilities Commission (Commission) approve the Company's proposed 2021 capital structure and permit GMG to issue securities in accordance with the approved capital structure. Specifically, the Company seeks approval of the following specific provisions for its capital structure:

- A total capitalization of approximately \$46.2 million, excluding the proposed contingency;
- A total capitalization contingency of approximately \$1.3 million, or 2.79 percent;
- An equity ratio floor of 34 percent, increasing to 35 percent by March 31, 2021;
- Permission to issue short-term debt not to exceed 10 percent of total capitalization at any time while the 2021 capital structure is in effect;
- Permission to issue long-term debt securities, provided that the Company's capital structure does not exceed the requested contingency ranges for more than 60 days; and
- Allow the approved 2021 capital structure to remain in effect until the Commission issues a 2022 capital structure order for GMG.¹

II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviewed GMG's Petition to determine whether the Petition complies with applicable rules and orders and to evaluate the reasonableness of the Company's capital structure proposals. The following is a discussion of the Department's review.

A. COMPLIANCE WITH CAPITAL STRUCTURE PETITION FILING REQUIREMENTS

Minnesota Rules 7825.1000 – 7825.1500 govern utility capital structure petitions and provide for the corresponding filing requirements. The Commission's May 12, 2009 *Order* in Docket No. E,G999/CI-08-1416 (the 08-1416 *Order*) also specifies certain filing requirements for capital structure petitions.

Based on our review, the Department's concludes that GMG's Petition meets the applicable filing requirements set forth in Minnesota Rules 7825.1300 and 7825.1400.

¹ Petition page 10 and Petition Attachment 3.

Points 1 and 3 of the Commission's 08-1416 *Order* state in part:

1. ...the utilities' annual capital structure filings shall include an exhibit providing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing, with the understanding that such exhibit is not intended to require dollar-for-dollar on the uses identified in the exhibit or to limit issuances to project specific financing. The exhibit need not list short-term, recurring security issuances.

3. ...the utilities shall include a report of actual issuances and uses of the funds from the prior year. The report will be for information purposes only and need not cover short-term, recurring security issuances.

With respect to point 1 of the 08-1416 *Order*, GMG stated in its Petition that it plans to issue securities to fund capital expenditures to maintain and reinforce existing plant and invest in new plant to support customer growth.² Attachment 11 to GMG's Petition contains a summary of GMG's anticipated 2021 capital expenditures, including:

- \$1.5 million for customer additions and main extensions,
- \$0.5 million for system replacement and reinforcement, and
- \$0.3 million for vehicles and office equipment.

With respect to point 3 of the 08-1416 *Order*, Attachment No. 9 to GMG's Petition provides details on the Company's loans and lines of credit, and Attachment No. 10 to GMG's Petition summarizes the Company's sources and uses of funds for the twelve-month period ended September 30, 2020.

In addition, point 4 of the 08-1416 *Order* requires utilities to provide the following information within 20 days of each non-recurring issuance of securities:

- (1) the specific purposes for individual issuance;
- (2) the type of issuance;
- (3) the timing of issuance;
- (4) the amount of issuance;
- (5) issuance costs; and
- (6) interest rates.

GMG satisfied these reporting requirements for its 2020 debt issuance activity with compliance filings submitted by the Company on March 31, 2020 and May 5, 2020 in Docket No. G022/S-18-749 (GMG's 2019 capital structure docket). The Department concludes that GMG complied the relevant filing requirements provided for in the 08-1416 *Order*.

² Petition page 4.

B. COMPLIANCE WITH OTHER COMMISSION ORDER REQUIREMENTS

The Commission's June 12th, 2020 *Order* in GMG's 2020 capital structure filing, Docket No. G022/S-19-727, required GMG to propose in its 2021 capital structure filing (the instant Petition):

- A plan that would be expected to result in a 38 percent equity ratio by December 31, 2021, assuming normal weather or explain why such an increase is not possible.
- An increase in GMG's equity ratio floor from 34 percent to 35 percent beginning March 31, 2021 or explain why such an increase is not possible.
- An increase in GMG's equity ratio floor from 35 percent to 36 percent beginning March 31, 2022 or explain why such an increase is not possible.

Consistent with the Commission's *Order* in Docket No. G022/S-19-727, the Company projects an equity ratio of 38.84 percent by December 31, 2021.³ GMG's confirmed that it maintained an equity ratio above the 34 percent floor as required⁴ and proposed to increase the equity ratio floor to 35 percent starting March 31, 2021.⁵ In response to a Department information request, the Company explained that it expects meet the Commission-ordered equity ratio floor increase from 35 percent to 36 percent beginning March 31, 2022.⁶ GMG filed the instant Petition on November 23, 2020, thereby meeting the Commission's requirement that the Company submit its 2021 capital structure petition by January 1, 2021.

The Department concludes that GMG complied with the Commission's June 12th, 2020 *Order* in Docket No. G022/S-19-727.

C. GMG'S FINANCIAL METRICS OVER TIME

Table 1 summarizes the changes in GMG's capital structure during the first nine months of 2020 and shows that from December 31, 2019 to September 30, 2020, GMG's common equity increased by approximately \$0.8 million. This change in equity corresponds the Company's higher Company net income and a reduction in long-term debt.

³ Petition Attachment 3.

⁴ Petition, page 1.

⁵ Petition, page 10.

⁶ Department Attachment 2. GMG stated that its "...proposed capital structure is designed to ensure an equity floor of 36.0 percent by March 31, 2022, assuming normal weather, no significant tax law changes, and other normal general conditions."

Table 1: Change in GMG's Capital Structure January - September 2020 (\$ in Millions)

	Actual Dec. 31, 2019		Actual Sept. 30, 2020		Difference	
	Amount \$ (A)	Percent (B)	Amount \$ (C)	Percent (D)	Amount \$ (C - A)	Percent (D - B)
	Common Equity	14.7	33.96%	15.5	36.34%	0.8
Short-Term Debt	2.2	4.99%	1.5	3.48%	-0.7	-1.51%
Long-Term Debt	26.4	61.05%	25.7	60.17%	-0.8	-0.87%
Total Capitalization	43.3	100.00%	42.7	100.00%	-0.6	N/A

Sources and Notes:

2019 data retrieved from GMG's 2019 audited financial statements (provided in response to Department Information Request No. 2). GMG marked its entire response trade secret, rather than specifically marking only the trade secret information within the financial statements. However, the Department does not consider the data in Table 1 to be trade secret.

2020 data retrieved from Petition Attachment 3.

The following Table 2 summarizes select financial metrics from GMG's audited financial statements over recent years and the Company's projections for 2021. The information in Table 2 shows that:

- GMG's revenue, gross margin, and pretax operating income have increased relatively steadily from year to year between 2016 and 2019, with 2019 representing the Company's best performance year (a complete 12 months of actual data) for these three financial metrics.
- Compared to the 12 months ended September 30, 2019,⁷ GMG improved both its gross margin and pretax operating income for the 12 months ended September 30, 2020.
- The Company forecasts incremental increases in its income-related metrics for 2021, and these projections generally follow the pattern of improvement seen over the prior years.
- GMG's interest coverage ratio (pre-tax operating income divided by interest expense) continues to increase year over year.

⁷ GMG included a balance sheet, income statement, and cash flow statement for the 12 months ended September 30, 2019 in Attachment 6 of its November 21, 2019 capital structure filing in Docket No. G022/S-19-727.

Table 2: Summary of GMG's 2016 - 2021 Financial Metrics (\$ in Millions)

		2016	2017	2018	2019	Sept 30th 2020	Projected 2021
Income Statement Data							
Revenue	[1]	10.9	12.3	13.9	14.5	14.1	15.9
Cost of Sales	[2]	4.9	5.9	6.4	6.5	5.6	6.7
Gross Margin	[3] = [1] - [2]	6.0	6.4	7.5	8.0	8.4	9.2
as % of Revenue	[4] = [3] / [1]	54.8%	52.3%	54.0%	55.5%	60.0%	57.9%
Operating Expenses	[5]	3.9	4.0	4.4	4.7	5.1	5.6
as % of Gross Margin	[6] = [5] / [3]	64.8%	62.1%	58.3%	58.0%	60.7%	61.2%
Pre-Tax Operating Income	[7] = [3] - [5]	2.1	2.4	3.1	3.4	3.3	3.6
as % of Gross Margin	[8] = [7] / [3]	35.2%	37.9%	41.7%	42.0%	39.3%	38.8%
Income Tax Expense/(Benefit)	[9]	0.1	0.7	0.5	0.6	0.6	0.7
Net Utility Operating Income	[10] = [7] - [9]	2.0	1.7	2.6	2.8	2.7	2.9
as % of Gross Margin	[11] = [10] / [3]	32.8%	26.7%	34.6%	34.6%	32.3%	31.1%
Interest Expense	[12]	1.2	1.2	1.3	1.4	1.3	1.2
as % of Gross Margin	[13] = [12] / [3]	19.9%	19.2%	17.9%	17.1%	15.3%	12.9%
Interest Coverage Ratio	[14] = [7] / [12]	1.8	2.0	2.3	2.5	2.6	3.0
Net Income	[15] = [10] - [12]	0.8	0.5	1.3	1.4	1.4	1.7
as % of Gross Margin	[16] = [15] / [3]	12.9%	7.5%	16.7%	17.5%	16.9%	18.1%
Rate of Return							
Net Plant	[17]	34.8	36.2	38.7	41.6	42.3	43.4
Deferred Tax Asset	[18]	1.5	0.8	0.2	-	-	-
Approximate Rate Base	[19] = [17] + [18]	36.3	37.0	38.8	41.6	42.3	43.4
Approximate Average Rate Base	[20]	35.0	36.7	37.9	40.2	41.9	42.8
Approximate Pre-Tax Rate of Return	[21] = [7] / [20]	6.0%	6.6%	8.3%	8.4%	7.9%	8.4%
Approximate After-Tax Rate of Return	[22] = [10] / [20]	5.6%	4.7%	6.9%	6.9%	6.5%	6.7%
Average Debt	[23]	24.3	25.5	27.0	28.1	27.9	27.7
Average Debt Cost	[24] = [12] / [23]	4.92%	4.82%	4.99%	4.89%	4.63%	4.31%

Sources and Notes:

2016-2019 data retrieved from GMG's audited financial statements.

2020 data and 2021 projected data retrieved from Petition Attachment 6.

GMG marked its financial statements trade secret in their entirety. However, the Department has included this same data in public comments in GMG's prior capital structure dockets without objection from the Company.

D. GMG'S 2021 CAPITAL STRUCTURE PROPOSALS

Minnesota Statutes §216B.49 govern certain aspects of public utility security issuances and stipulates that public utilities must receive Commission approval to offer or sell securities.⁸ Minn. Stat. §216B.49, subd. 4 states in part:

Prior to approval the commission shall ascertain that the amount of securities of each class which any public utility may issue shall bear a reasonable proportion to each other and to the value of the property, due consideration being given to the nature of the business of the public utility, its credit and prospects, the possibility that the value of the property may change from time to time, the effect which the issue shall have upon the management and operation of the public utility, and other considerations which the commission as a matter of fact shall find to be relevant. If the commission shall find that the proposed security issuance is reasonable and proper and in the public interest and will not be detrimental to the interests of the consumers and patrons affected thereby, the commission shall by written order grant its permission for the proposed public financing.

Using the standards set forth in Minn. Stat. §216B.49, the Department reviewed GMG's 2021 capital structure proposals for reasonableness. Table 3 summarizes GMG's actual capital structure as of September 30, 2020, its projected capital structure on December 31, 2021, and the differences between the two.

Table 3: GMG's Actual and Proposed Capital Structure (\$ in Millions)

	Actual Sept. 30, 2020		Projected Dec. 31, 2021		Difference	
	Amount \$ (A)	Percent (B)	Amount \$ (C)	Percent (D)	Amount \$ (C - A)	Percent (D - B)
Common Equity	15.5	36.34%	17.9	38.84%	2.4	2.50%
Short-Term Debt	1.5	3.48%	1.5	3.22%	0.0	-0.26%
Long-Term Debt	25.7	60.17%	26.8	57.94%	1.1	-2.24%
Total Capitalization	42.7	100.00%	46.2	100.00%	3.5	N/A
Contingency			1.3	2.79%		
Total with Contingency			47.5	102.79%		

Source: Petition Attachment 3

Note that GMG does not issue preferred stock.

⁸ See [Minn. Stat. §216B.49, subd. 3.](#)

GMG's proposed 2021 capital structure shown in Table 3 reflects:

- The Company's planned issuance of \$1.5 million in long-term debt⁹ (approximately \$1.1 million, net of changes to existing long-term debt);
- No significant change in short-term debt; and
- GMG's projected increase in common equity (driven by increasing net income) of approximately \$2.4 million for the 15 months ending December 31, 2021.

Table 3 shows that GMG's proposed capital structure would increase the Company's total capitalization by about \$3.5 million. The Company's need for additional capital continues to be driven primarily by its continuing system expansion, although expenditures in this area are expected to be lower in 2021 than in recent years.¹⁰ GMG's proposed \$3.5 million increase in capitalization is comprised of approximately \$2.4 million in equity and \$1.1 million in debt. The proposed proportion of debt to equity for 2021 demonstrates the Company's increasing reliance on equity funding for its capital needs and translates to a projected common equity ratio of 38.84 percent at December 31, 2021 (an increase over the 36.34 percent equity ratio at September 30, 2020).

Both GMG's current and projected equity ratios are below the 39.75 percent average equity ratio of publicly traded gas utilities with bond ratings from AA- to BBB-.¹¹ Based on this comparison, the Department remains concerned that GMG may be relying too heavily on debt financing. However, the Company's equity ratio continues to trend upwards over time, with corresponding decreases in its debt ratio. Taking these facts together, the Department concludes that, while GMG's financial position is somewhat precarious, the Company's mix of debt and equity is moving in the right direction for it to eventually attain a capital structure balance that is less financially risky for the utility. Therefore, the Department concludes that GMG's proposed capital structure is reasonable.

In addition, GMG seeks approval of the following specific provisions for its capital structure:

- A total capitalization of approximately \$46.2 million with a capitalization contingency of approximately \$1.3 million, or 2.79 percent;
- An equity ratio floor of 34 percent, increasing to 35 percent by March 31, 2021;
- Permission to issue short-term debt not to exceed 10 percent of total capitalization at any time while the 2021 capital structure is in effect;
- Permission to issue long-term debt securities, provided that the Company's capital structure does not exceed the requested contingency ranges for more than 60 days; and
- Allow the approved 2021 capital structure to remain in effect until the Commission issues a 2022 capital structure order for GMG.¹²

⁹ Petition, page 2.

¹⁰ GMG projected \$1.7, \$1.8, and \$1.5 million in capital expenditures for "Customer Additions & Main Extensions" in 2019, 2020, and 2021, respectively. See Attachment 11 in each of the Company's initial filings in Docket Nos. G022/S-18-749, G022/S-19-727, and G022/S-20-837, respectively.

¹¹ Department Attachment 1. If we include publicly traded gas utilities of *any* bond rating (not just bond ratings from AA- to BBB-), then the average equity ratio increases to 44.36 percent (see page 2 of Department Attachment 1).

¹² Petition page 10 and Petition Attachment 3.

1. Total Capitalization Contingency

GMG requested Commission approval of a total capitalization of \$46.2 million, with a contingency of \$1.3 million, or 2.79 percent, for a maximum capitalization of \$47.5 million. GMG’s proposed capitalization contingency is significantly less than the 10 percent capitalization contingency approved by the Commission in GMG’s last several capital structure dockets. Consistent with our recommendations in the Company’s previous capital structure petitions, the Department proposes that a 10 percent contingency would be appropriate to protect the Company from unforeseen capital needs. The Department’s proposal is detailed under the “Alternative Capital Structure” section of the following Table 4.

Table 4: Department Alternative to GMG's Proposed 2021 Capitalization Contingency (\$ in Millions)

	GMG Proposed Capital Structure		Alternative Capital Structure		Difference	
	Dec. 31, 2021		Dec. 31, 2021		Amount \$ (C - A)	Percent (D - B)
	Amount \$ (A)	Percent (B)	Amount \$ (C)	Percent (D)		
Common Equity	17.9	38.84%	17.9	38.84%		
Short-Term Debt	1.5	3.22%	1.5	3.22%		
Long-Term Debt	26.8	57.94%	26.8	57.94%		
Total Capitalization	46.2	100.00%	46.2	100.00%		
Contingency	1.3	2.79%	4.6	10.00%	3.3	7.21%
Total with Contingency	47.5	102.79%	50.8	110.00%	3.3	7.21%

Source: Petition Attachment 3

In response to a Department information request, GMG confirmed that it would have no objection to the approval of a 10 percent capitalization contingency.¹³ Therefore, the Department recommends that the Commission approve GMG’s proposed 2021 capital structure with a total capitalization of \$46.2 million and a 10 percent contingency (\$4.6 million), resulting in a combined capitalization of \$50.8 million, as shown in Table 4. The Department emphasizes, however, that if GMG uses this capitalization contingency, its equity ratio must remain above the approved floor.

2. Equity Ratio Floor

GMG proposed an equity ratio floor (or equity ratio contingency range) of 34 percent initially and increasing to 35 percent by March 31, 2021. This proposal is consistent with the Commission’s June 12, 2020 *Order* in GMG’s 2020 capital structure petition, Docket No. G022/S-19-727. Therefore, the Department recommends that the Commission approve an equity ratio floor of at least 34 percent, increasing to 35 percent on March 31, 2021.

¹³ Department Attachment 3.

The Commission often allows utilities to exceed approved capital structure ranges for a period of 60 days without Commission notification. However, in recent years the Commission has not granted that flexibility to GMG with respect to its equity ratio and instead has required GMG to maintain an equity ratio at or above the approved floor at all times. Given GMG's relatively low equity ratio, the Department recommends that the Commission impose this same restriction for the Company's 2021 capital structure.

Further, the Department recommends that the Commission set 2022 and 2023 equity ratio targets for GMG, similar to the incremental increases specified order points 8 and 9 of the Commission's June 12, 2020 *Order* in Docket No. G022/S-19-727. Specifically, the Department recommends that the Commission require GMG to propose in its next capital structure petition a plan that would be expected to result:

- An equity ratio of 39 percent by December 31, 2022.
- A step increase in its equity ratio floor from 35 to 36 percent beginning March 31, 2022.
- A step increase in its equity ratio floor from 36 to 37 percent by March 31, 2023.

The Department recognizes that events may transpire between now and the time of GMG's next capital structure filing that make these increases impossible, and therefore the Department's recommendations are intended to set expectations with respect to GMG's next filing, but still allow for some flexibility.

3. Short-term Debt Contingency Cap

GMG requested a short-term debt contingency cap of 10 percent of its total capitalization. This request is consistent with what the Commission has approved for the Company's capital structure in recent years. GMG stated further that "[i]f GMG has reason to know that a contemplated short-term borrowing would exceed the ten percent cap for a period exceeding 60 days (such as borrowing for an unanticipated capital expenditure), GMG will seek approval from the Commission for any such borrowing."¹⁴

The Department concludes that the Company's request is reasonable but emphasizes that GMG's equity ratio should remain at or above the approved floor at all times. The Department recommends that the Commission approve a short-term debt contingency cap of 10 percent of GMG's total capitalization and allow the Company to violate the short-term debt contingency cap for up to 60 days.

4. Long-term Debt

In its Petition, GMG did not request a specific contingency range for its long-term debt ratio. Instead, the Company requested the flexibility to issue long-term debt, provided that it remains within its equity and short-term debt contingency ranges and does not exceed them for more than 60 days. In

¹⁴ Petition, page 5.

other words, if GMG were to reduce its short-term debt ratio to zero after March 31, 2021 and maintain an equity ratio floor of 35 percent at all times, the maximum long-term debt ratio allowed would be 65 percent (equal to 100 percent minus 35 percent).

GMG's request is consistent with what the Commission has approved for GMG's capital structure in recent years, and the Department concludes that it is reasonable. The Department recommends that the Commission permit the Company to issue long-term debt, so long as it (1) remains at or above the approved equity ratio floor at all times and (2) remains within the approved short-term debt contingency range (GMG is not to exceed its short-term debt contingency range for more than 60 days).

5. Effective Dates and Date of Next Filing

The Company requested that the Commission allow the capital structure approved for 2021 to remain in effect until the Commission issues a 2022 capital structure order for GMG. This request is consistent with Commission orders in prior GMG capital structure filings, and the Department concludes that it is reasonable. We recommend that the Commission (1) allow the capital structure approved for 2021 to remain in effect until the Commission issues a 2022 capital structure order for GMG and (2) require GMG to file its next capital structure petition no later than January 1, 2022.

III. CONCLUSION AND RECOMMENDATIONS

Based on our review, the Department concludes that GMG's Petition complies with the applicable rules and that the Company's proposals are reasonable. GMG's financial performance has improved over time, but the Company's equity ratio remains low relative to its peers and the Department remains concerned about the risks associated with GMG's leverage. GMG's proposed 2021 capital structure represents an improvement in the Company's mix of debt and equity, and the Department recommends that the Commission approve the Petition and encourage further improvement by imposing requirements for modest equity ratio floor increases in GMG's next capital structure filing.

We recommend that the Commission take the following action:

1. Approve GMG's proposed 2021 capital structure.
2. Approve a total capitalization of \$46.2 million with a 10 percent capitalization contingency of \$4.6 million (resulting in a total capitalization of \$50.8 million, including the contingency).
3. Require that GMG maintain at all times an equity ratio floor of at least 34 percent, increasing to 35 percent beginning March 31, 2021.

4. Require GMG to propose in its next capital structure petition a plan that would be expected to result in:
 - a. An equity ratio of 39 percent by December 31, 2022.
 - b. A step increase in its equity ratio floor from 35 percent to 36 percent beginning March 31, 2022.
 - c. A step increase in its equity ratio floor from 36 percent to 37 percent by March 31, 2023.
5. Approve a short-term debt contingency cap of 10 percent of GMG's total capitalization and allow GMG to violate the short-term debt contingency cap for up to 60 days.
6. Permit the Company to issue long-term debt, so long as it (1) remains at or above the approved equity ratio floor at all times and (2) remains within the approved short-term debt contingency range (GMG is not to exceed its short-term debt contingency range for more than 60 days).
7. Allow the approved 2021 capital structure to remain in effect until the Commission issues a 2022 capital structure order for GMG.
8. Require GMG to file its next capital structure petition no later than January 1, 2022.

/ar

Ratings AA- to BBB-

Company	Ticker	Credit Rating	Short-Term Debt Ratio	Long-Term Debt Ratio	Common Equity Ratio	Other Equity Ratio	Total
MDU Resources Group, Inc.	MDU	BBB+	0.00%	45.31%	54.69%	0.00%	100.00%
National Fuel Gas Company	NFG	BBB-	0.64%	56.96%	42.40%	0.00%	100.00%
NiSource Inc.	NI	BBB+	11.24%	50.79%	32.38%	5.58%	100.00%
South Jersey Industries, Inc.	SJI	BBB	17.59%	52.90%	29.51%	0.00%	100.00%
Minimum			0.00%	45.31%	29.51%	0.00%	
Average			7.37%	51.49%	39.75%	1.40%	
Median			5.94%	51.85%	37.39%	0.00%	
Maximum			17.59%	56.96%	54.69%	5.58%	

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All Ratings								
Company	Ticker	Credit Rating	Short-Term Debt Ratio	Long-Term Debt Ratio	Common Equity Ratio	Other Equity Ratio		Total
Atmos Energy Corporation	ATO	A	0.00%	41.25%	58.75%	0.00%		100.00%
MDU Resources Group, Inc.	MDU	BBB+	0.00%	45.31%	54.69%	0.00%		100.00%
National Fuel Gas Company	NFG	BBB-	0.64%	56.96%	42.40%	0.00%		100.00%
New Jersey Resources Corporation	NJR	A-	2.88%	54.80%	42.32%	0.00%		100.00%
NiSource Inc.	NI	BBB+	11.24%	50.79%	32.38%	5.58%		100.00%
Northwest Natural Holding Company	NWN	A+	7.85%	46.55%	45.60%	0.00%		100.00%
ONE Gas, Inc.	OGS	A	13.02%	33.29%	53.68%	0.00%		100.00%
South Jersey Industries, Inc.	SJI	BBB	17.59%	52.90%	29.51%	0.00%		100.00%
Spire Inc.	SR	A-	11.33%	44.57%	39.87%	4.23%		100.00%
Minimum			0.00%	33.29%	29.51%	0.00%		
Average			7.17%	47.38%	44.36%	1.09%		
Median			7.85%	46.55%	42.40%	0.00%		
Maximum			17.59%	56.96%	58.75%	5.58%		

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

Docket Number: G022/S-20-837

Requested From: Greater Minnesota Gas Inc.

Type of Inquiry: Financial

Nonpublic Public

Date of Request: 1/19/2021

Response Due: 1/29/2021

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Gemma Miltich

Email Address(es): gemma.miltich@state.mn.us

Phone Number(s): 651-539-1819

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number: 4
Topic: Equity ratio floor.
Reference(s): June 12, 2020 Order in Docket No. G022/S-19-727.

Request:

Point 9 of the Public Utilities Commission's June 12, 2020 Order in Docket No. G022/S-19-727 requires GMG to "...propose in its next capital structure petition a step-increase in its equity ratio floor from 35.0 percent to 36.0 percent beginning March 31, 2022, or explain why such an increase is not possible." Does GMG expect to meet this requirement? Please explain why or why not.

GMG RESPONSE:

Yes. GMG's proposed capital structure is designed to ensure an equity floor of 36.0 percent by March 31, 2022, assuming normal weather, no significant tax law changes, and other normal general conditions. GMG predicts that its equity ratio will not drop below 36.0% thereafter. In the unlikely event that GMG is not able to reach the requisite equity floor level, GMG will provide an explanation of the circumstances contributing to that result in accordance with the Commission's Order.

To be completed by responder

Response Date: January 21, 2021
Response by: Kristine Anderson
Email Address: kanderson@greatermngas.com
Phone Number: 507-209-2110



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

Docket Number: G022/S-20-837

Requested From: Greater Minnesota Gas Inc.

Type of Inquiry: Financial

Nonpublic Public

Date of Request: 1/19/2021

Response Due: 1/29/2021

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).

Assigned Analyst(s): Gemma Miltich

Email Address(es): gemma.miltich@state.mn.us

Phone Number(s): 651-539-1819

ADDITIONAL INSTRUCTIONS:

Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number: 5
Topic: Capitalization contingency amount.
Reference(s): Attachment 3 of GMG's initial petition.

Request:

What objections, if any, would GMG have if the Department recommended that the Public Utilities Commission approve a 2021 capitalization contingency of 10%, or \$4,620,915 (46,209,150 x 10%), to protect the Company from unforeseen capital needs?

GMG RESPONSE:

GMG does not have any objection to approval of a ten percent (10%) capitalization contingency, which is consistent with what has been approved in previous years. GMG appreciates the Department's historic recommendation for the same.

To be completed by responder

Response Date: January 21, 2021
Response by: Kristine Anderson
Email Address: kanderson@greatermngas.com
Phone Number: 507-209-2110

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket No. G022/S-20-837

Dated this 2nd day of **February 2021**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	Yes	OFF_SL_20-837_S-20-837
Cody	Chilson	cchilson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	Yes	OFF_SL_20-837_S-20-837
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-837_S-20-837
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-837_S-20-837
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	Yes	OFF_SL_20-837_S-20-837
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	Yes	OFF_SL_20-837_S-20-837
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	Yes	OFF_SL_20-837_S-20-837
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-837_S-20-837
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-837_S-20-837