COMMERCE DEPARTMENT

September 13, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G004/M-19-273

Dear Mr. Wolf:

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

> Petition of Great Plains Natural Gas Company for Approval of Recovery of Updated Gas Utility Infrastructure Costs.

The petition was filed on April 15, 2019 by:

> Tamie A. Aberle
> Director of Regulatory Affairs
> Great Plains Natural Gas Company
> 400 North 4th St
> Bismarck, ND 58501.

The Department recommends **approval with modifications,** and is available to respond to any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ SACHIN SHAH	/s/ MARK JOHNSON
Rates Analyst	Analyst Coordinator

SS/ar
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. G004/M-19-273

I. SUMMARY OF PROPOSAL

On April 15, 2019, Great Plains Natural Gas Company (Great Plains or GP or the Company) filed a petition requesting that the Minnesota Public Utilities Commission (Commission) approve new rates for the Company's Gas Utility Infrastructure Costs (GUIC) tariff, to be effective October 1, 2019 (Petition).

Table 1 summarizes GP's projected 2019 revenue requirement proposed to be recovered through the GUIC, including a true-up of the prior year's revenue requirement with actual costs and recoveries for the period ending December 31, 2018, actual recoveries for January - March 2019 and projected recoveries through September 2019. A summary of GP's proposed rate adjustment factors is provided below in Table 2.

Table 1: Great Plains' Proposed Annual Revenue Requirements[1]

2017 Revenue Requirement	$395,916
2018 Revenue Requirement	$780,496
Less: Actual Recoveries (Nov 2017 - Dec 2018)	($571,363)
Under/Over Recovery – Dec 2018	$605,049
Less: Recoveries (Jan 2019 – Sept 2019)	($404,444)
Subtotal – GUIC Under Recovery	$200,605
2019 Projected Revenue Requirements	$1,071,716
Total Annual Revenue Requirements	$1,272,321

[1] Petition at 1.

Table 2: Great Plains' Proposed GUIC Rates ($/dekatherm) to Be Effective October 1, 2019 to September 30, 2020[2]

	Proposed Rate	Current Rate	Increase (+) or Decrease (-)
Sales Customers			
Residential	$0.4221	$0.2494	+$0.1727
Firm General	$0.3104	$0.1792	+$0.1312
Small Interruptible	$0.2063	$0.1519	+$0.0544
Large Interruptible	$0.1683	$0.1103	+$0.0580
Transportation Customers			
Small Interruptible	$0.0731	$0.0791	-$0.0060
Large Interruptible	$0.0601	$0.0105	+$0.0496

The full tariff modifications for which Great Plains is requesting approval are shown in Exhibit C of the Company's petition.

On September 6, 2019 Great Plains filed a request to modify its Petition due to its plans to file a general rate case on or about September 27, 2019, with a revenue requirement based on a calendar 2020 test year. The upcoming rate case and its implications for the instant Petition (proposed to be effective October 1, 2019 to September 30, 2020) are discussed briefly in Section III B below.

II. BACKGROUND

The Commission established a GUIC rider for Great Plains on October 6, 2017 under the GUIC statute, Minnesota Statutes section 216B.1635.[3] In general, Great Plains' GUIC adjustment is a per-dekatherm charge that recovers the pipeline replacement costs that Great Plains incurs to comply with Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations; the first adjustment became effective on November 1, 2017.[4] Currently, the adjustment only recovers the costs of distribution mains and services replacements undertaken in compliance with the Company's PHMSA-mandated Distribution Integrity Management Program (DIMP); no Transmission Integrity Management Program projects are included in the proposed GUIC. The adjustment is also limited to replacements in Great Plains' Minnesota service area, as Great Plains also has customers in North Dakota.

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[2] Petition at 2.

[3] *In the Matter of the Petition of Great Plains Natural Gas Co. for Approval of a GUIC Tariff and Adjustment*, Docket No. G004/M-16-1066, Order Approving Rider and Rate Adjustment Factors, and Requiring Compliance Filing (October 6, 2017).

[4] See: *In the Matter of the Petition of Great Plains Natural Gas Co. for Approval of a GUIC Tariff and Adjustment*, Docket No. G004/M-16-1066, Order Approving Rider and Rate Adjustment Factors, and Requiring Compliance Filing (October 6, 2017) and Great Plains' October 25, 2017 compliance filing in the same docket.

III. DEPARTMENT ANALYSIS OF PROPOSED RATE CHANGE

The Department analyzes whether Great Plains' Petition complies with the requirements set forth in the GUIC statute, other Minnesota statutes, and the Company's current GUIC tariff in assessing whether the petition is reasonable. The Department also discusses the implications of this petition in light of the general rate case that Great Plains expects to file in the near future.

A. FILING REQUIREMENTS

The first issue is whether Great Plains' petition complies with the filing requirements specified in subdivisions 2, 3, and 4 of the GUIC statute, set forth below:

> **Subd. 2. Gas infrastructure filing.** A public utility submitting a petition to recover gas infrastructure costs under this section must submit to the commission, the department, and interested parties a gas infrastructure project plan report and a petition for rate recovery of only incremental costs associated with projects under subdivision 1, paragraph (c). The report and petition must be made at least 150 days in advance of implementation of the rate schedule, provided that the rate schedule will not be implemented until the petition is approved by the commission pursuant to subdivision 5. The report must be for a forecast period of one year.
>
> **Subd. 3. Gas infrastructure project plan report**. The gas infrastructure project plan report required to be filed under subdivision 2 shall include all pertinent information and supporting data on each proposed project including, but not limited to, project description and scope, estimated project costs, and project in- service date.
>
> **Subd. 4. Cost recovery petition for utility's facilities**. A gas utility's petition for approval of a rate schedule to recover gas utility infrastructure costs outside of a general rate case under section 216B.16 is subject to the following:
>
> (1) a gas utility may submit a filing under this section no more than once per year; and
>
> (2) a gas utility must file sufficient information to satisfy the commission regarding the proposed GUIC. The information includes, but is not limited to:
>
> (i) the information required to be included in the gas infrastructure project plan report under subdivision 3;

(ii) the government entity ordering or requiring the gas utility project and the purpose for which the project is undertaken;

(iii) a description of the estimated costs and salvage value, if any, associated with the existing infrastructure replaced or modified as a result of the project;

(iv) a comparison of the utility's estimated costs included in the gas infrastructure project plan and the actual costs incurred, including a description of the utility's efforts to ensure the costs of the facilities are reasonable and prudently incurred;

(v) calculations to establish that the rate adjustment is consistent with the terms of the rate schedule, including the proposed rate design and an explanation of why the proposed rate design is in the public interest;

(vi) the magnitude and timing of any known future gas utility projects that the utility may seek to recover under this section;

(vii) the magnitude of GUIC in relation to the gas utility's base revenue as approved by the commission in the gas utility's most recent general rate case, exclusive of gas purchase costs and transportation charges;

(viii) the magnitude of GUIC in relation to the gas utility's capital expenditures since its most recent general rate case; and

(ix) the amount of time since the utility last filed a general rate case and the utility's reasons for seeking recovery outside of a general rate case.

The Department confirmed that Great Plains' Petition provided all the required information, as specified in Exhibit A of the Company's Petition. The Department also confirmed that Great Plains has not submitted another true-up filing under the GUIC statute this year, in compliance with subdivision 4, paragraph (1) of the GUIC statute, and that Great Plains submitted its Petition at least 150 days in advance of the Company's proposed implementation of the updated GUIC tariff, as required by subdivision 2.

B. UPCOMING RATE CASE

Given the close link between riders and rate cases, the Department discusses this issue up front. Great Plains expects to file a general rate case, Docket No. G004/GR-19-511 in the near future. On September 6, 2019 Great Plains filed a request to modify its Petition due to its plans to file a general rate case with a revenue requirement based on a calendar 2020 test year on or about September 27, 2019. In its modification request, the Company stated the following:

> Great Plains plans to file a general natural gas rate case with a revenue requirement based on a projected 2020 test period on or about September 27, 2019. This general rate case filing will include the GUIC projects for 2019 referenced above as well as the projected 2020 PVC replacement projects that would have been included in the 2020 GUIC filing. In light of the timing of Great Plains' general rate case filing, Great Plains now requests that the Commission approve the 2019 GUIC projects and the associated revenue requirement for those projects as submitted in the Company's April 15 filing. However, the Company requests that the Commission suspend the GUIC adjustment rate coincident with the implementation of interim rates in the upcoming natural gas rate case. Great Plains will be requesting to implement interim rates on January 1, 2020 so that the implementation of interim rates corresponds to the start of the test year.[2] This would have the effect of moving the GUIC costs as of December 31, 2019 into interim rates effective January 1, 2020. The suspension of a rate adjustment under the GUIC at the same time interim rates in the upcoming rate case are implemented will ensure that there is no overlap in recovery of the GUIC projects and provide a logical means of moving the GUIC projects through 2020 into base retail rates as part of the rate case.
>
> Finally, Great Plains proposes to true-up for the 2019 revenue requirement and to defer the true-up balance to the subsequent GUIC filing, to be submitted in April 2020, in lieu of a rate adjustment October 1, 2019.
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> Great Plains has discussed this proposal with the Department and believes this direction is consistent with past practice.
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> 2. The Commission approved a similar request to delay the interim rate implementation until January 1, which is beyond the 60-day requirement under Minn. Stat. § 216B.16, Subd. 3(a) in Great Plains' last natural gas rate case Docket No. G-004/GR-15-879.

The Department agrees with Great Plains that this proposed approach is reasonable. Having all of the costs for 2020 recovered in one place avoids concerns about double-recovery of costs. The Department also agrees with Great Plains that the modification request does the following:

- suspends the GUIC rider beginning January 1, 2020;
- moves rider costs as of December 31, 2019 (undepreciated rate base and O&M expenses) into interim rates, effective January 1, 2020; and
- focuses the true-up filed in Spring of 2020 on any under- or over-recovery in the rider (tracker balance) as of December 31, 2019.

The Commission will still need to approve Great Plains' proposed annual revenue requirements in the Petition for the period from October 1, 2019 to December 31, 2019. Thus, the Department provides its analysis below.

C. COST/PROJECT ELIGIBILITY

The Department examined whether the GUIC costs/projects for which Great Plains is requesting recovery satisfy the definitional requirements in the GUIC statute, subdivision 1, paragraphs (b) and (c), which state:

> (b) "Gas utility infrastructure costs" or "GUIC" means costs incurred in gas utility projects that:
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> (1) do not serve to increase revenues by directly connecting the infrastructure replacement to new customers;
>
> (2) are in service but were not included in the gas utility's rate base in its most recent general rate case, or are planned to be in service during the period covered by the report submitted under subdivision 2, but in no case longer than the one-year forecast period in the report; and
>
> (3) do not constitute a betterment, unless the betterment is based on requirements by a political subdivision or a federal or state agency, as evidenced by specific documentation, an order, or other similar requirement from the government entity requiring the replacement or modification of infrastructure.
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> (c) "Gas utility projects" means:
>
> (1) replacement of natural gas facilities located in the public right-of-way required by the construction or improvement of a highway, road, street, public building, or other public work by or on behalf of the United States, the state of Minnesota, or a political subdivision; and

> (2) replacement or modification of existing natural gas facilities, including surveys, assessments, reassessment, and other work necessary to determine the need for replacement or modification of existing infrastructure that is required by a federal or state agency.

The current version of Great Plains' GUIC tariff[5] echoes these definitions, stating, under "Applicability," that the tariff "constitutes provision to recover the costs of investment and associated expenses for the replacement of natural gas distribution facilities required to comply with state and federal pipeline safety programs."

The Department reviewed Great Plains' description of the costs/projects, particularly the information provided in Exhibit B of the Company's Petition, and confirmed that the costs/projects satisfy the GUIC Statute definitional requirements. The costs for which Great Plains is requesting recovery are limited to the DIMP capital costs for replacing polyvinyl distribution mains and services. Great Plains' petition also clarifies that the costs are limited to projects incurred for Great Plains' Minnesota customers.

D. RATE OF RETURN

The next issue is whether Great Plains' GUIC proposal complies with the rate of return requirements in subdivision 6 of the GUIC statute, which state that rate of return "shall be at the level approved by the commission in the public utility's last general rate case, unless the commission determines that a different rate of return is in the public interest." Great Plains proposes to continue using the 7.032% rate of return approved in the Company's last general rate case.[6] The Department supports this proposal for Great Plains, as the Company clearly identified the GUIC projects involved in this rate request and use of this rate would maintain continuity from the last approved GUIC rates.

E. REVENUE REQUIREMENT AND RATE CALCULATION

The Department examined whether the revenue requirement would recover the costs specified in subdivision 4 of the GUIC statute and is calculated in accordance with the requirements of Minnesota statutes and Commission Order establishing the GUIC. Subdivision 4 of the GUIC statute provides the general requirements, stating that:

> … the commission may approve a rate schedule for the automatic annual adjustment of charges for gas utility infrastructure costs net of revenues under this section, including a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and any incremental operation and maintenance costs.

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[5] See Great Plains' February 15, 2019 compliance filing in Docket No. G004/M-18-282.

[6] *In the Matter of the Petition by Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G004/GR-15-879, Findings of Fact, Conclusions, and Order (September 6, 2016), page 28.

Great Plains indicated that the DIMP projects all involve replacing PVC mains and services in Minnesota. As noted above, Great Plains is filing a general rate case soon; thus, there will be an opportunity to ensure that there is no double-recovery between the GUIC and base rates.

Great Plains' GUIC tariff[7] also provides the specifics of how to calculate the rates, stating, under the "Adjustment" section:

1. The Projected Revenue Requirement shall include:

    a. The return on investment on the rate base reflecting the eligible projects shall be based on the twelve month average of the projected investment and the authorized rate of return authorized in the most recent general rate case, unless otherwise determined by the Commission.

    b. The operation and maintenance, depreciation expense and ad valorem tax expense associated with the eligible projects.

    c. The revenue requirement shall be apportioned to each rate class based on the authorized non-gas costs (margin) apportionment.

    d. The revenue requirement for each rate class shall be divided by projected annual dk sales and transportation volumes, excluding flexible rate contracts, to derive a cost per dk for each rate class.

2. The true-up

    a. For each annual period ending December 31 a true-up will be calculated for each rate class and will be applied effective with the change in the GUIC. This adjustment shall include:

        i. The balance in the (over) under recovered gas cost account as of December 31.

        ii. The difference between the revenue requirement based on actual project costs and recovered costs for each customer class for the twelve months ending October December 31. The amount may be an under recovery or (over) recovery.

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[7] See Great Plains' February 15, 2019 compliance filing in Docket No. G004/M-18-282. The only change to the tariff in the current petition is to the GIUC adjustment per dekatherm as shown on Great Plains Section 5, 1st Revised Sheet No. 5-131.

b. The resulting balance is divided by the projected annual dk sales and transportation volumes.

The Department obtained the calculations supporting Great Plains' proposed rates through an information request and confirmed that the calculations follow the steps prescribed above. The Department also checked the calculations for errors and did not find any. Additionally, in Great Plains' *Petition for Approval of the 2019 Annual Depreciation Study* in Docket No. G004/D-19-376 (Docket 19-376), the Department stated the following:[8]

> … The Department concludes that using the previously approved depreciation rates for these accounts for 2019 is reasonable. However, as this program progresses, the Department would expect the depreciation rates to be adjusted to reflect changes associated with the replacement of the relevant assets. The Department recommends that the Commission continue to require Great Plains to provide an update on the Company's PVC replacement program in its future depreciation studies.

Lastly, the Department compared Great Plains' projected sales with the forecasted sales information filed by the Company in Great Plains' Reports for the Regional Energy Information System (REIS) in Dockets EG999/PR-18-19 and E, G999/PR-19-19. The projected sales in the petition appear to be reasonable. In addition, in last year's GUIC filing in Docket No. G004/M-18-182 (Docket 18-182) the Department stated the following:[9]

> Lastly, the Department reviewed Great Plains' forecasting process with a Company representative and confirmed that it was reasonable, as it is same process used for internal gas acquisitions and the Company therefore has an incentive to make its forecasts accurate.[7]
>
> [7] Great Plains' forecasting process estimates customer numbers and per-customer growth for each customer class based on internal surveying and then uses those numbers to estimate sales. For the GUIC rider, any inaccuracy in the forecast is mitigated by annual true-ups.

As mentioned above, for GUIC project expenses to be eligible for recovery through the GUIC Rider, the project costs must meet the following requirements:

- Project costs must be incremental to costs already recovered in base rates;
- Projects cannot serve to increase revenues by connecting new customers to the system; and

[8] See the Department's *July 31, 2019 Comments* in Docket No. G004/D-19-376 at pages 12-13.
[9] See the Department's *June 27, 2018 Comments* in Docket No. G004/M-18-182 at page 7.

- Projects cannot constitute a "betterment" to the system, unless that betterment is required by a political subdivision or federal or state agency.

In its Petition, the Company stated the following:[10]

> The Company's filing does not include an adjustment related to the infrastructure being replaced under its replacement program nor does it include the associated cost of removal. The mains and services are accounted for as mass assets which does not maintain the accumulated reserve for individual sections of pipe. Therefore, upon retirement of mains and service, the original cost of plant in service is removed and applied to the accumulated reserve balance with no resulting change in rate base. The Company's experience has indicated that there is no salvage value associated with PVC mains and services which have been removed.

The Department notes that the issues surrounding mass accounting in terms of quantifying "incremental costs" in GUIC riders is discussed extensively in the Department's July 2, 2018 Comments in Xcel Energy's GUIC Rider in Docket No. G002/M-17-787 (Docket 17-787). In that docket, Xcel Energy argued that it wasn't able to track the individual costs of the pipes being replaced due to the use of mass accounting despite being able to track and include the removal costs associated with these pipes in its GUIC rate base. As a result, the Department concluded that, to avoid double-charging ratepayers for costs, if the costs to remove the old pipes are included in the GUIC rate base, the GUIC rate base must also be adjusted for the remaining original cost of the existing pipes being replaced. Consequently, the Department recommended that Xcel Energy either exclude its removal costs from GUIC rate base or remove the remaining original cost of the old pipes being replaced.

Subsequently, Xcel Energy acknowledged that the GUIC projects *replace* existing assets, therefore made adjustments to rate base, depreciation and property tax in order to reflect only the incremental costs of the GUIC projects in its recovery request.[11] The Department concluded that this issue was resolved in that docket and recommended that Xcel Energy continue the practice of isolating only the incremental costs in its future GUIC Rider cost recovery petitions.

Great Plains did not include any additional removal costs associated with the pipes being replaced in its GUIC Rider. In addition, because Great Plains will be filing a rate case soon, it will be possible to ensure that Great Plains recovers distribution costs only once. As a result the Department does not oppose Great Plains' proposed treatment of the pipes being replaced in its GUIC Rider for the months of October through December 2019 and subsequently in its rate case. The Department concludes that Great Plains' proposed rates would recover the costs specified in subdivision 4 of the GUIC statute and are calculated in accordance with the requirements of the statute and GUIC tariff.

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[10] Petition at page 7.
[11] See Xcel Energy's July 27, 2018 Reply Comments at pages 5-6.

F. PRUDENCY

The final issue is determining whether the costs to be recovered in Great Plains' updated GUIC rates "are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers," as required by subdivision 5 of the GUIC statute.

Regarding this requirement, Great Plains' Petition states on page 3 of Exhibit B that the Company satisfied this requirement by "using a competitive bidding process with multiple contractors on large projects" and "closely watching costs to stay within the budgeted amounts or determine why expenditures were different from the budget." Page 4 of Exhibit B adds more detail, stating:

> The 2019 projects identified [in the petition and for which Great Plains is requesting cost recovery] are being bid through a Request for Proposal (RFP) process. The bid process will be finalized in April. The costs and footages shown above [in Great Plains' petition] are based on the quantities in the RFP.

In response to a Department information request, Great Plains provided more information on the RFP, stating in part:

> The PVC replacement projects for Pelican Rapids and Montevideo were bid through an RFP issued on April 5, 2019, with the scope of the work for each project area provided by Great Plains. Company Engineering and Operations staff evaluated the bids received in response to the RFP, taking into account the overall cost of the project, the contractor's experience and ability to perform the work requested. …
>
> Great Plains has complied with the requirements of Minnesota Statutes, section 216B.1635, subdivision 5, by engaging multiple contractors for project bids through the RFP process. Through this process, 5 bids were received for the Montevideo project and 3 bids were received for Pelican Rapids. Contractor bids were evaluated based on the overall cost the contractor's bid to complete the project, as well as the contractor's experience and ability to perform the work requested. The contractors selected to perform the 2019 projects were chosen the based on their bids being the lowest bid for the respective location, and their experience with natural gas systems within the Great Plains service area.
>
> None of the successful bidders are affiliated with Great Plains Natural Gas Co., Montana-Dakota Utilities, or MDU Resources Group, Inc.

Based on the information provided by the Company in its Petition and response to the Department's information request, the Department agrees that that Great Plains has satisfied the subdivision 5 requirements. It is reasonably clear that Great Plains attempted to perform "at the lowest reasonable and prudent cost to ratepayers" and that the costs "are prudently incurred."

G. PRORATED ACCUMULATED DEFERRED INCOME TAXES

The Department notes that, if the 2019 GUIC is implemented prior to December 31, 2019, it will be necessary to address the issue of proration of accumulated deferred income taxes (ADIT); thus, the Department provides this analysis.

ADIT keeps track of (accumulates) the extent to which ratepayers pre-pay a utility for its federal income taxes;[12] ADIT reduces rate base, thus giving ratepayers credit for the prepayment. Internal Revenue Service (IRS) Regulation Section 1.167(l)-1(h)(6) states that ratemaking procedures and adjustments must be consistent with normalization accounting. The IRS requires that, if rates are implemented prior to the end of the "test period" on which rates are based, ADIT must be prorated (reduced) for each of the months remaining in the test period. If rates are implemented after the test period, the IRS requires no proration.

Since riders involve new assets, ADIT proration increases rates to ratepayers during the early life of the assets. However, because the assets are subsequently rolled into base rates, ratepayers typically do not receive an offsetting rate reduction during the later years in the life of the asset. In other words, ratepayers are generally not made whole for the effects of ADIT proration in riders. As a result, this issue continues to require examination.

Further, there is concern about Great Plains' proposed method of prorating ADIT. As shown on Exhibit D, Page 17 of 18 of its filing, Great Plains included the effects of proration on its forecasted 2019 ADIT balances. Great Plains' 2019 deferred tax expense for Mains, which is included in its 2019 annual revenue requirements, totals $11,192. However, instead of recording the entire $11,192 to its 2019 ADIT balance, Great Plains proposes to record only the prorated amount of $5,189 to its ADIT balance to calculate its 2019 annual revenue requirement calculations. That is, ratepayers would miss out on over $6,000 of the expected reduction in rate base. Similarly, Great Plains' 2019 deferred tax expense for Services totals $7,916 but only $3,668 is recorded to the ADIT balance for ratemaking purposes. In other words, ratepayers are paying $20,906 ($11,192 + $9,714) in deferred tax expense but only receiving a credit to ADIT of $9,692 ($5,189 + $4,503) due to the effects of proration.[13]

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[12] The prepayment happens due to the difference in depreciation in determining utility rates and federal income taxes. When utilities use accelerated depreciation for federal income taxes, they generally owe little or no income taxes during the entire early life of the asset. Meanwhile, utility retail rates assume the same level of depreciation each year for the asset, resulting in ratepayers paying essentially a levelized amount of income taxes over the life of the asset. Thus, ratepayers pay the utility more in federal income taxes than the utility owes during the early life of an asset and less than what is owed as the asset ages.

[13] Petition, Exhibit D page 17 of 18.

The Department notes that while Great Plains provided the effects of its calculations of proration on its ADIT balances, did not provide the effects of prorated ADIT on its 2019 annual revenue requirements when compared to not using ADIT proration.

The Department notes that Xcel Energy proposed an alternative prorated ADIT methodology based on consultations with Deloitte Tax Services in its May 25, 2018 and July 16, 2018 supplemental reply comments in Docket No. E002/M-17-797 (17-797). Under this alternative prorated ADIT methodology, commonly referred to as the Deloitte method or Xcel method, each forecasted month is considered a separate test period for proration purposes. The Deloitte method **significantly reduced** the effects of proration on Xcel Energy's ADIT balances and annual revenue requirements in 17-797. As a result, the Department asked Great Plains, in Department Information Request No. 4, to provide the effects of ADIT proration on its annual revenue requirements using the Deloitte method. As summarized below in Table 3, GP's use of the Deloitte methodology (alternative monthly) only **slightly reduced** its 2019 annual revenue requirements when compared to the annual proration methodology used in its initial filing (as filed):[14]

Department Table 3: Impact of proration methodology on Great Plains 2018 True-Up and Projected 2019 Annual Revenue Requirements[15]

	Alternative Monthly	As Filed	Variance
Depreciation Expense	$259,294	$259,294	$0
Ad Valorem Taxes	167,197	167,197	-
Return	508,717	509,712	(995)
Income Taxes	(172,424)	(172,520)	96
Gross up for Taxes	307,670	308,033	(363)
2019 Sub-Total	$1,070,454	$1,071,716	($1,262)
2018 True-Up	$779,546	$780,496	($950)
Total	$1,850,000	$1,852,212	($2,212)

[14] As shown in Great Plains' Response to Department Information Request No. 4, Attachment A, the Deloitte methodology also slightly reduced Great Plains' 2018 true-up balance. However, the Department only addressed the effect on GP's 2019 annual revenue requirements in these comments for simplicity.
[15] Per Great Plains' Response to Department Information Request No. 4 which is attached to these comments.

The Department notes Great Plains' relatively small impact on its annual revenue requirements using the Deloitte method (above in Table 3) in contrast to Xcel's significant impact on its annual revenue requirements using the Deloitte method in 17-797 as shown below in Table 4:

Department Table 4: Impact of Proration Methodology on Xcel Energy's 2018-2019 Annual Revenue Requirements in 17-797[16]

	2018	2019
ADIT Proration As-filed	$627,974	$241,014
ADIT Proration Refined (Deloitte Method)	$198	$227
Difference	($627,776)	($240,787)

Due to this apparent discrepancy, the Department further reviewed Great Plains' and Xcel Energy's prorated ADIT calculations and resulting annual revenue requirements using the Deloitte methodology. The Department's review indicates that Great Plains used beginning monthly prorated ADIT balances in its annual revenue requirement calculations instead of re-setting its beginning monthly ADIT balances on a non-prorated basis; in other words, Great Plains carried forward its monthly prorated ADIT balances to the following month, thus compounding the effects of monthly proration on its ADIT balances. In contrast, and consistent with the concept that each month represents separate test period, Xcel Energy re-set its beginning monthly ADIT balance on a non-prorated basis since the previous monthly test period is considered historical under the Deloitte method.

Based on the above, the Department recommends that Great Plains recalculate the effects of the Deloitte method on its ADIT balances and resulting annual revenue requirements for the months of October through December, 2019 in reply comments using non-prorated beginning monthly balances in its calculations. The Department will provide its final recommendations regarding prorated ADIT in subsequent comments after it has reviewed Great Plains reply comments.

H. EXCESS ADIT AND AMORTIZATION

The Commission's February 12, 2019 Order in 18-282 required Great Plains to include, in future GUIC filings, its excess ADIT balance and any related amortization amounts to be refunded to customers.[17] Great Plains stated the following on page 7 of its Petition:

[16] Per Xcel Energy's May 25, 2018 Supplemental Reply Comments in Docket No. E002/M-17-797, Page 2.
[17] See Commission's February 12, 2019 *ORDER APPROVING 2017 TRUE-UP, 2018 REVENUE REQUIREMENTS, AND REVISED ADJUSTMENT FACTORS* in Docket No. G004/M-18-282, Ordering Point No. 3.

> With respect to the 2017 Tax Cuts and Jobs Act (TCJA), Great Plains recalculated Accumulated Deferred Income Taxes (ADIT) for its existing GUIC assets as of December 31, 2018, but since accelerated tax depreciation still exceeds book depreciation for those assets, the Company concluded that no ADIT refund was warranted at this time. Great Plains will amortize and return excess ADIT in any future period in which the book depreciation exceeds tax depreciation in a manner consistent with the Commission's decision in Docket No. E,G-999/Cl-17-895.

While the Department agrees with Great Plains that the Company's excess ADIT balance would begin to be amortized and refunded to customers in future periods according to the average-rate-assumption method (ARAM) required by the Commission in Docket No. E,G-999/CI-17-895, the Department notes that Great Plains did not provide its excess ADIT balance as required by the Commission's Order in 18-282. Thus, the Department recommends that Great Plains provide its excess ADIT balance in reply comments.

IV. DEPARTMENT ANALYSIS OF TARIFF CLARIFICATIONS

Great Plains proposes to update the GUIC adjustment rate to its GUIC tariff. The Department agrees and concludes that Great Plains' changes should accurately reflect the respective Order in the current Docket in its future compliance filing, including the suspension of the GUIC Rider beginning January 1, 2020.

V. SUMMARY OF DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS

Regarding the GUIC cost recovery for the period January 2020 through September 2020, the Department recommends that the Commission approve Great Plains' proposal to:

- suspend the GUIC rider beginning January 1, 2020;
- move rider costs as of December 31, 2019 (undepreciated rate base and O&M expenses) into interim rates, effective January 1, 2020; and
- focus the true-up filed in Spring of 2020 on any under- or over-recovery in the rider (tracker balance) as of December 31, 2019.

Regarding Great Plains' proposed annual revenue requirements in the Petition for the period from October 1, 2019 to December 31, 2019, the Department recommends that Great Plains recalculate the effects of the Deloitte method on its ADIT balances and resulting annual revenue requirements in reply comments using non-prorated beginning monthly balances in its calculations. The Department will provide its final recommendations regarding prorated ADIT in subsequent comments after it has reviewed Great Plains reply comments.

/ar

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/M-19-273	☐Nonpublic ☒Public
Requested From:	Great Plains Natural Gas Co., – Tamie Aberle	Date of Request: 4/17/2019
Type of Inquiry:	General	Response Due: 4/29/2019

Requested by: Sachin Shah
Email Address(es): sachin.shah@state.mn.us
Phone Number(s): 651-539-1834

Request Number: **1**
Topic:
Reference(s): Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., April 15, 2019 Filing.

Request:

Please provide all of the tables, Exhibits, and all the data used to create them, in Microsoft Excel format with all links and formulae intact.

In addition, please provide Exhibits C and G of the filing referenced above in Microsoft Word format.

If this information has already been provided in the application or in response to an earlier Department information request (IR), please identify the specific cite(s) or Department IR numbers(s).

Response:

See Excel file titled "Response No. 1 Exhibits B, D, E, and F". Information entered directly is highlighted and supported in Response No. 1 Attachment A as noted.

See the Word files titled "Response No. 1 Exhibit C", "Response No. 1 Exhibit C-redline", and "Response No. 1 Exhibit G".

To be completed by responder

Response Date: April 26, 2019
Response by: Travis Jacobson, Manager of Regulatory Affairs
Email Address: travis.jacobson@mdu.com
Phone Number: (701) 222-7855

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
John A. Tuma	Commissioner

In the Matter of the Petition by Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota

ISSUE DATE: September 6, 2016

DOCKET NO. G-004/GR-15-879

FINDINGS OF FACT, CONCLUSIONS, AND ORDER

PROCEDURAL HISTORY

I. Initial Filings and Orders

On September 30, 2015, Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., filed this general rate case. The Company asked to increase Minnesota retail natural-gas rates by some $1,580,000, or approximately 6.4%, per year. The filing included a proposed interim rate schedule.

On the same date, the Company filed a petition to establish a new base cost of gas for the period during which interim rates would be in effect; that petition was granted by order dated November 30, 2015.[1]

Also on November 30, 2015, the Commission issued three orders in this case:

- an order finding the rate-case filing substantially complete, suspending the proposed final rates, and extending the time period for deciding the case;
- a notice of and order for hearing referring the case to the Office of Administrative Hearings for contested-case proceedings; and
- an order setting interim rates for the period during which the rate case was being resolved.

[1] *In the Matter of Great Plains Natural Gas Company (Great Plains), a Division of MDU Resources Group, Inc. Petition to Establish a New Base Gas Cost Filing for Interim Rates in Great Plains' General Rate Case, Docket No. G-004/GR-15-879*, Docket No. G-004/MR-15-878, Order Setting New Base Cost of Gas (November 30, 2015).

[Footnote 4: Page 37 of Mr. Addonizio's Revised Direct Testimony incorrectly stated that the Department's proposed short-term debt interest rate is 1.244 percent. The correct short-term debt interest rate is 1.205 percent, as noted in Attachment CMA-RD-9 to Mr. Addonizio's Revised Direct Testimony.]

The Company accepted the Department's proposed cost of short-term debt.

XVI. Final Capital Structure and Overall Cost of Capital

The final capital structure and overall cost of capital resulting from the decisions made in this order are set forth below:

Component	Ratio	Cost	Weighted Cost
Long-Term Debt	41.712%	5.492%	2.291%
Short-Term Debt	6.556%	1.610%	0.106%
Preferred Stock	1.146%	4.562%	0.052%
Common Equity	50.586%	9.060%	4.583%
Total	100.000%		7.032%

CLASS-COST-OF-SERVICE-STUDY ISSUES

XVII. Class Cost of Service Studies in General

The preceding discussion has sought to quantify the costs that a prudently managed utility serving Great Plains' service area would bear. The next issues will address how Great Plains may recover those costs from its ratepayers and earn a reasonable return on its investment. This process of *rate design* requires the Commission to exercise policy judgment because there are many ways to set rates to enable a utility to recover appropriate revenues.

In designing rates for a natural gas utility, the Commission considers a variety of factors, including:

- Equity, justice, and reasonableness, and avoidance of discrimination, unreasonable preference, and unreasonable prejudice;[23]
- Continuity with prior rates to avoid rate shock;
- Revenue stability;
- Economic efficiency;
- Encouragement of energy conservation;[24]
- Customers' ability to pay;[25]
- Ease of understanding and administration, and in particular,
- Cost of service.

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[23] Minn. Stat. §§ 216B.01, 216B.03.

[24] Minn. Stat. §§ 216B.03, 216B.2401, 216C.05.

[25] Minn. Stat. § 216B.16, subd. 15.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
John A. Tuma	Commissioner

In the Matter of the Application of Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., for Authority to Increase Natural Gas Rates in Minnesota

In the Matter of the Petition by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc., to Establish a New Base Cost of Gas in Compliance with the September 6, 2016 Commission Order in Its General Rate Case

ISSUE DATE: December 22, 2016

DOCKET NO. G-004/GR-15-879

DOCKET NO. G-004/MR-16-834

ORDER APPROVING FINAL REVENUE APPORTIONMENT AND RATE DESIGN, UPDATED BASE COST OF GAS, AND INTERIM-RATE REFUND PLAN

PROCEDURAL HISTORY

I. Rate-Case Compliance Filing

On September 6, 2016, the Commission issued its *Findings of Fact, Conclusions, and Order* resolving disputed issues in Great Plains Natural Gas Company's (Great Plains or the Company's) rate case.[1] The order directed Great Plains to file revised schedules of rates and charges reflecting the revenue-requirement and rate-design decisions made by the Commission, along with other compliance items.[2]

On September 22, Great Plains made a compliance filing in accordance with the Commission's order.

On October 20, the Minnesota Department of Commerce (the Department) filed comments requesting that Great Plains provide more information in reply comments:

- A full discussion reconciling the differences between the Company's proposed customer-class rate increases and those approved by the Commission;
- A full explanation of how the Company calculated the customer charges in its compliance filing;

[1] Docket No. G-004/GR-15-879.

[2] September 6 order, at 57.

III. Interim-Rate Refund Plan

Great Plains' compliance filing included a plan to refund the difference between the revenue that the Company collected through interim rates, which took effect on January 1, 2016, and the revenue that would have been collected if the final rates determined in the Commission's September 6 order had been in effect since January instead.

Great Plains calculated a total overcollection of $308,197, plus interest of $4,969 through November 30, 2016, and estimated that the average residential customer would receive a refund of $6.63. It proposed that, beginning no later than March 1, 2017, current customers would receive their refunds as a bill credit, while customers who had left the system would be paid by check if their refund was greater than $2.00.

The Department recommended that the Commission approve the interim-rate refund plan and require the Company to make a compliance filing within ten days of the refund showing the actual refunds and interest paid by class. The Commission concurs, will approve Great Plains' interim-rate refund plan, and will require the Company make the recommended compliance filing.

IV. Updated Base-Cost-of-Gas Rates

A significant component of the rates Great Plains charges its customers for natural-gas service is attributable to the "commodity" cost that the Company incurs in procuring natural gas from its suppliers. Along with its initial rate-case filing, Great Plains filed a petition to establish a new base cost of gas to be implemented with interim rates, and the Commission issued an order establishing a new base cost of gas.[8]

During the course of the rate case, the Company informed the Commission that its commodity cost of gas had declined. In its September 6 order, the Commission directed Great Plains to update its base-cost-of-gas rates in a compliance filing to reflect this lower commodity cost, updated sales forecasts, and any other aspects of that order bearing on base-cost-of-gas rates.

Great Plains made the required compliance filing on October 6 and provided supplemental information requested by the Department. The Department reviewed the Company's filings and recommended that the Commission approve the updated base-cost-of-gas rates. The Commission concurs and will approve Great Plains' updated base cost of gas.

ORDER

1. The Commission hereby approves Great Plains' revenue-apportionment methodology used in its September 22, 2016 compliance filing.

2. The Commission approves the Department's preferred rounding rate design for Great Plains' customer and distribution charges.

[8] Docket No. G-004/MR-15-878, Order Setting New Base Cost of Gas (November 30, 2015).

3. The Commission approves Great Plains' updated base cost of gas filed in its September 22, 2016 compliance filing, Exhibit 6, and in its October 6, 2016 updated base-cost-of-gas filing.

4. The Commission authorizes Great Plains to implement final rates on January 1, 2017. Within ten days after final rates become effective, the Company shall submit final tariff sheets that incorporate the Commission's decisions herein.

5. Within ten days after final rates become effective, Great Plains shall resubmit the CIP tracker account (including rates, revenues, expenses, and ending balance) for the entire period that interim rates were in effect.

6. The Commission hereby approves Great Plains' proposed interim-rate refund plan. Within ten days of the interim-rate refund, Great Plains shall file a compliance filing report that reflects the actual refunds and interest paid by class including the calculations.

7. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Janet F. Gonzalez for

Daniel P. Wolf
Executive Secretary

GREAT PLAINS NATURAL GAS CO.
GAS UTILITY - MINNESOTA
ALLOCATION OF REVENUES
Final Order- Projected 2016 - Docket No. G004/GR-15-879

Phase 1

	Cost of Gas			Distribution including CIP		Increase		Revenue		Increase	
	Demand	Commodity	Total	Present	Proposed	(Decrease)	%	Present	Proposed	(Decrease)	%
North											
Sales											
Residential	$892,414	$1,718,277	$2,610,691	$1,907,868	$2,184,051	$276,183	14.5%	$4,518,559	$4,794,742	$276,183	6.1%
Firm General	679,917	1,309,130	1,989,047	1,088,031	1,245,547	157,516	14.5%	3,077,078	3,234,595	157,517	5.1%
Small Interruptible	112,108	842,543	954,651	471,305	540,099	68,794	14.6%	1,425,956	1,494,750	68,794	4.8%
Large Interruptible	89,464	672,365	761,829	302,040	344,558	42,518	14.1%	1,063,869	1,106,387	42,518	4.0%
Total Sales	1,773,903	4,542,315	6,316,218	3,769,244	4,314,255	545,011	14.5%	10,085,462	10,630,474	545,012	5.4%
Transportation											
Small Interruptible				43,775	49,538	5,763	13.2%	43,775	49,538	5,763	13.2%
Large Interruptible				744,530	745,730	1,200	0.0%	744,530	745,730	1,200	0.2%
Total Transportation				788,305	795,268	6,963	0.9%	788,305	795,268	6,963	0.9%
Total	$1,773,903	$4,542,315	$6,316,218	$4,557,549	$5,109,523	$551,974	12.1%	$10,873,767	$11,425,742	$551,975	5.1%
South											
Sales											
Residential	$846,638	$2,006,307	2,852,945	$1,857,987	$2,126,981	$268,994	14.5%	$4,710,932	$4,979,926	$268,994	5.7%
Firm General	849,119	2,012,186	2,861,305	$1,305,542	1,494,511	188,969	14.5%	4,166,847	4,355,816	188,969	4.5%
Small Interruptible	118,442	931,304	1,049,746	479,728	549,521	69,793	14.5%	1,529,474	1,599,267	69,793	4.6%
Large Interruptible	18,879	148,445	167,324	24,159	27,707	3,548	14.7%	191,483	195,031	3,548	1.9%
Total Sales	1,833,078	5,098,242	6,931,320	3,667,416	4,198,720	531,304	14.5%	10,598,736	11,130,040	531,304	5.0%
Transportation											
Small Interruptible				28,371	32,152	3,781	13.3%	28,371	32,152	3,781	13.3%
Large Interruptible				493,576	547,832	54,256	11.0%	493,576	547,832	54,256	11.0%
Total Transportation				521,947	579,984	58,037	11.1%	521,947	579,984	58,037	11.1%
Total South 13	$1,833,078	$5,098,242	$6,931,320	$4,189,363	$4,778,704	$589,341	14.1%	$11,120,683	$11,710,024	$589,341	5.3%
GRAND TOTAL	$3,606,981	$9,640,557	$13,247,538	$8,746,912	$9,888,227	$1,141,315	13.0%	$21,994,450	$23,135,766	$1,141,316	5.2%

Table A-1. **3-, 5-, 7-, 10-, 15-, and 20-Year Property Half-Year Convention**

Year	Depreciation rate for recovery period					
	3-year	5-year	7-year	10-year	15-year	20-year
1	33.33%	20.00%	14.29%	10.00%	5.00%	3.750%
2	44.45	32.00	24.49	18.00	9.50	7.219
3	14.81	19.20	17.49	14.40	8.55	6.677
4	7.41	11.52	12.49	11.52	7.70	6.177
5		11.52	8.93	9.22	6.93	5.713
6		5.76	8.92	7.37	6.23	5.285
7			8.93	6.55	5.90	4.888
8			4.46	6.55	5.90	4.522
9				6.56	5.91	4.462
10				6.55	5.90	4.461
11				3.28	5.91	4.462
12					5.90	4.461
13					5.91	4.462
14					5.90	4.461
15					5.91	4.462
16					2.95	4.461
17						4.462
18						4.461
19						4.462
20						4.461
21						2.231

Table A-2. **3-, 5-, 7-, 10-, 15-, and 20-Year Property Mid-Quarter Convention Placed in Service in First Quarter**

Year	Depreciation rate for recovery period					
	3-year	5-year	7-year	10-year	15-year	20-year
1	58.33%	35.00%	25.00%	17.50%	8.75%	6.563%
2	27.78	26.00	21.43	16.50	9.13	7.000
3	12.35	15.60	15.31	13.20	8.21	6.482
4	1.54	11.01	10.93	10.56	7.39	5.996
5		11.01	8.75	8.45	6.65	5.546
6		1.38	8.74	6.76	5.99	5.130
7			8.75	6.55	5.90	4.746
8			1.09	6.55	5.91	4.459
9				6.56	5.90	4.459
10				6.55	5.91	4.459
11				0.82	5.90	4.459
12					5.91	4.460
13					5.90	4.459
14					5.91	4.460
15					5.90	4.459
16					0.74	4.460
17						4.459
18						4.460
19						4.459
20						4.460
21						0.565

GREAT PLAINS NATURAL GAS
TAX PER PLANT
STATE OF MINNESOTA

Assessment YEAR	Total MN Utility Plant	Less MN Excludables	Total Taxable Plant	Tax	MN Effective Tax Rate
2016	47,154,997	8,691,405	38,463,592	686,544	1.78%

Plant and Excludables per MN Assessment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

Tamie A. Aberle
Director of Regulatory Affairs
Great Plains Natural Gas Company
705 West Fir Avenue
P.O. Box 176
Fergus Falls, MN 56538-0176

SERVICE DATE: March 29, 2017

DOCKET NO. G,004/D-16-466

In the Matter of Great Plains Natural Gas Co.'s Annual Depreciation Study

The above-entitled matter was considered by the Commission on March 23, 2017 and the following disposition made:

1. **Approved the depreciation parameters and depreciation rates proposed in Great Plains' 2016 Depreciation Study; and**
2. **Required Great Plains to file a five-year depreciation study by June 1, 2017.**

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the order. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf

Daniel P. Wolf
Executive Secretary

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Table 1

Great Plains Natural Gas Company

Summary of Original Cost of Utility Plant in Service as of December 31, 2015
and Related Annual Depreciation Expense Under Present and Proposed Rates

Account No. (a)	Description (b)	Original Cost 12/31/15 (c)	Present Rates Rate % (d)	Present Rates Annual Accrual (e)	Proposed Plant Only Rates Rate % (f)	Proposed Plant Only Rates Annual Accrual (g)	Proposed Gross Salv Rates Rate % (h)	Proposed Gross Salv Rates Annual Accrual (i)	Proposed COR Rates Rate % (j)	Proposed COR Rates Annual Accrual (k)	Total Proposed Rates Rate % (l)	Total Proposed Rates Annual Accrual (m)	Net Change Depr.. Exp. (n)
	DEPRECIABLE PLANT												
	Production Plant												
305.00	Structures & Improvements	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00
311.00	LPG Equipment	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00
320.00	Other Gas Production	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00
	Total Production Plant	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00
	Transmission Plant												
365.20	Rights of Way	158,152.03	1.27%	2,008.53	1.24%	1,961.09	0.00%	0.00	0.00%	0.00	1.24%	1,961.09	(47.44)
	TRANSMISSION MAINS												
367.00	Transmission Mains	1,444,495.71	1.30%	18,778.44	1.43%	20,656.29	-0.03%	(433.35)	0.08%	1,155.60	1.48%	21,378.54	2,600.10
367.40-.42	Railroad, River & Highway Crossings	62,624.01	1.30%	814.11	0.82%	513.52	-0.09%	(56.36)	-0.44%	(275.55)	0.29%	181.61	(632.50)
367.45	Anodes and Cathodic Protection	1,325.87	1.30%	17.24	1.74%	23.07	-0.12%	(1.59)	-0.46%	(6.10)	1.16%	15.38	(1.86)
367.50	Valves	3,185.68	1.30%	41.41	-2.40%	(76.46)	-0.16%	(5.10)	-0.35%	(11.15)	-2.91%	(92.70)	(134.11)
367.60-.61	Farm & Side Taps	29,814.38	1.30%	387.59	0.26%	77.52	-0.12%	(35.78)	-0.77%	(229.57)	-0.63%	(187.83)	(575.42)
	Total Transmission Mains	1,541,445.65	1.30%	20,038.79	1.37%	21,193.94	-0.03%	(532.18)	0.04%	633.23	1.38%	21,295.00	1,256.21
369.00	Meas & Reg Station Equipment	820,969.58	3.00%	24,629.09	2.77%	22,740.86	0.00%	0.00	0.24%	1,970.33	3.01%	24,711.18	82.09
	Total Transmission Plant	2,520,567.26	1.85%	46,676.41	1.82%	45,895.89	-0.02%	(532.18)	0.10%	2,603.56	1.90%	47,967.27	1,290.86
	Distribution Plant												
374.20	Rights of Way	17,653.59	2.16%	381.32	2.14%	377.79	0.00%	0.00	0.00%	0.00	2.14%	377.79	(3.53)
375.00	Distr. Meas & Reg Station Structures	32,251.03	2.84%	915.93	2.69%	867.55	0.00%	0.00	0.15%	48.38	2.84%	915.93	0.00
	Mains												
376.00	Steel Mains	3,638,453.27	2.92%	106,242.84	1.45%	52,757.57	0.00%	0.00	1.07%	38,931.45	2.52%	91,689.02	(14,553.82)
376.10	Plastic Mains	10,797,231.39	2.92%	315,279.16	2.12%	228,901.31	0.00%	0.00	1.23%	132,805.95	3.35%	361,707.25	46,428.09
376.11	Plastic Mains - PVC	1,203,995.48	2.92%	35,156.67	-0.61%	(7,344.37)	-0.01%	(120.40)	1.69%	20,347.52	1.07%	12,882.75	(22,273.92)
376.20	Valves	134,310.35	2.92%	3,921.86	1.48%	1,987.79	0.00%	0.00	1.25%	1,678.88	2.73%	3,666.67	(255.19)
376.28-.50	Railroad, River & Highway Crossings	399,866.60	2.92%	11,676.10	2.00%	7,997.33	0.00%	0.00	1.43%	5,718.09	3.43%	13,715.42	2,039.32
376.55	Anodes and Cathodic Protection	81,169.34	2.92%	2,370.14	0.84%	681.82	-0.01%	(8.12)	2.11%	1,712.67	2.94%	2,386.38	16.24
376.56	Pipeline Markers	171.75	2.92%	5.02	-21.38%	(36.72)	-0.05%	(0.09)	3.62%	6.22	-17.81%	(30.59)	(35.61)
	Total Mains	16,255,198.18	2.92%	474,651.79	1.75%	284,944.73	0.00%	(128.61)	1.24%	201,200.78	2.99%	486,016.90	11,365.11
378.00	Meas & Reg Station Equip-General	479,649.61	2.83%	13,574.08	1.94%	9,305.20	0.00%	0.00	0.40%	1,918.60	2.34%	11,223.80	(2,350.28)
379.00	Meas & Reg Station Equip-City Gate	436,905.19	3.49%	15,247.99	3.19%	13,937.28	0.00%	0.00	0.28%	1,223.33	3.47%	15,160.61	(87.38)
	Services												
380.00	Steel Services	1,051,871.36	3.94%	41,443.73	2.26%	23,772.29	0.00%	0.00	1.68%	17,671.44	3.94%	41,443.73	0.00
380.10	Plastic Services	11,101,914.93	3.94%	437,415.45	2.62%	290,870.17	0.00%	0.00	1.96%	217,597.53	4.58%	508,467.70	71,052.25
380.11	Plastic Services - PVC	849,453.73	3.94%	33,468.48	-0.99%	(8,409.59)	0.00%	0.00	-0.80%	(6,795.63)	-1.79%	(15,205.22)	(48,673.70)
380.55	Anodes and Cathodic Protection	39,103.01	3.94%	1,540.66	-0.63%	(246.35)	0.00%	0.00	-0.65%	(254.17)	-1.28%	(500.52)	(2,041.18)
	Total Services	13,042,343.03	3.94%	513,868.32	2.35%	305,986.52	0.00%	0.00	1.75%	228,219.17	4.10%	534,205.69	20,337.37
381.00	Meters & Meter Installations	6,348,056.00	8.14%	516,731.76	7.04%	446,903.14	0.02%	1,269.61	1.52%	96,490.45	8.58%	544,663.20	27,931.44

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

Tamie A. Aberle
Director of Regulatory Affairs
Great Plains Natural Gas Company
705 West Fir Avenue
P.O. Box 176
Fergus Falls, MN 56538-0176

SERVICE DATE: December 4, 2017

DOCKET NO. G-004/D-17-450

In the Matter of Great Plains Natural Gas Company's Five Year Depreciation Study

The above-entitled matter was considered by the Commission on November 21, 2017, and the following disposition made:

- **Approved the depreciation parameters and depreciation rates proposed in Great Plains' 2017 Depreciation Study; and**

- **Required Great Plains to file its next depreciation study by June 1, 2018.**

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the order. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary

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Table 1

Great Plains Natural Gas Company

**Summary of Original Cost of Utility Plant in Service as of December 31, 2016
and Related Annual Depreciation Expense Under Present and Proposed Rates**

Account No. (a)	Description (b)	Original Cost 12/31/16 (c)	Present Rates Rate % (d)	Present Rates Annual Accrual (e)	Proposed Plant Only Rates Rate % (f)	Proposed Plant Only Rates Annual Accrual (g)	Proposed Gross Salv Rates Rate % (h)	Proposed Gross Salv Rates Annual Accrual (i)	Proposed COR Rates Rate % (j)	Proposed COR Rates Annual Accrual (k)	Total Proposed Rates Rate % (l)	Total Proposed Rates Annual Accrual (m)	Net Change Depr.. Exp. (n)
	DEPRECIABLE PLANT												
	Transmission Plant												
365.20	Rights of Way	158,152.03	1.24%	1,961.09	1.21%	1,913.64	0.00%	0.00	0.00%	0.00	1.21%	1,913.64	(47.45)
	TRANSMISSION MAINS												
367.00	Transmission Mains	1,444,495.69	1.38%	19,934.04	1.40%	20,222.94	-0.03%	(433.35)	0.08%	1,155.60	1.45%	20,945.19	1,011.15
367.40-.42	Railroad, River & Highway Crossings	62,624.01	1.38%	864.21	0.74%	463.42	-0.09%	(56.36)	-0.43%	(269.28)	0.22%	137.77	(726.44)
367.45	Anodes and Cathodic Protection	1,325.87	1.38%	18.30	1.49%	19.76	-0.12%	(1.59)	-0.53%	(7.03)	0.84%	11.14	(7.16)
367.50	Valves	3,185.68	1.38%	43.96	-1.41%	(44.92)	-0.19%	(6.05)	-1.57%	(50.02)	-3.17%	(100.99)	(144.95)
367.60-.61	Farm & Side Taps	29,814.38	1.38%	411.44	0.00%	0.00	-0.13%	(38.76)	-0.84%	(250.44)	-0.97%	(289.20)	(700.64)
	Total Transmission Mains	1,541,445.63	1.38%	21,271.95	1.34%	20,661.20	-0.03%	(536.11)	0.04%	578.83	1.34%	20,703.91	(568.04)
369.00	Meas & Reg Station Equipment	820,969.58	3.01%	24,711.18	2.27%	18,636.01	0.00%	0.00	0.34%	2,791.30	2.61%	21,427.31	(3,283.87)
	Total Transmission Plant	2,520,567.24	1.90%	47,944.22	1.63%	41,210.85	-0.02%	(536.11)	0.13%	3,370.13	1.75%	44,044.86	(3,899.36)
	Distribution Plant												
374.20	Rights of Way	17,653.59	2.14%	377.79	2.11%	372.49	0.00%	0.00	0.00%	0.00	2.11%	372.49	(5.30)
375.00	Distr. Meas & Reg Station Structures	32,251.03	2.84%	915.93	2.69%	867.55	0.00%	0.00	0.15%	48.38	2.84%	915.93	0.00
	Mains												
376.00	Steel Mains	3,681,756.47	2.99%	110,084.52	1.24%	45,653.78	0.00%	0.00	0.86%	31,663.11	2.10%	77,316.89	(32,767.63)
376.10	Plastic Mains	12,067,385.57	2.99%	360,814.83	2.09%	252,208.36	0.00%	0.00	1.22%	147,222.10	3.31%	399,430.46	38,615.63
376.11	Plastic Mains - PVC	1,151,401.15	2.99%	34,426.89	0.89%	10,247.47	-0.01%	(115.14)	2.45%	28,209.33	3.33%	38,341.66	3,914.77
376.20	Valves	134,310.35	2.99%	4,015.88	1.28%	1,719.17	0.00%	0.00	1.19%	1,598.29	2.47%	3,317.47	(698.41)
376.28-.50	Railroad, River & Highway Crossings	399,866.60	2.99%	11,956.01	1.67%	6,677.77	0.00%	0.00	1.21%	4,838.39	2.88%	11,516.16	(439.85)
376.55	Anodes and Cathodic Protection	81,169.34	2.99%	2,426.96	-0.01%	(8.12)	-0.01%	(8.12)	1.71%	1,388.00	1.69%	1,371.76	(1,055.20)
376.56	Pipeline Markers	171.75	2.99%	5.14	-35.84%	(61.56)	-0.07%	(0.12)	-0.22%	(0.38)	-36.13%	(62.05)	(67.19)
	Total Mains	17,516,061.23	2.99%	523,730.23	1.81%	316,436.87	0.00%	(123.38)	1.23%	214,918.84	3.03%	531,232.35	7,502.12
378.00	Meas & Reg Station Equip-General	501,025.62	2.34%	11,724.00	8.79%	44,040.15	0.00%	0.00	3.76%	18,838.56	12.55%	62,878.72	51,154.72
379.00	Meas & Reg Station Equip-City Gate	442,661.26	3.47%	15,360.35	3.43%	15,183.28	0.00%	0.00	0.44%	1,947.71	3.87%	17,130.99	1,770.64
	Services												
380.00	Steel Services	1,076,486.26	4.10%	44,135.94	1.42%	15,286.10	0.00%	0.00	1.01%	10,872.51	2.43%	26,158.62	(17,977.32)
380.10	Plastic Services	12,550,273.57	4.10%	514,561.22	2.32%	291,166.35	0.00%	0.00	1.72%	215,864.71	4.04%	507,031.05	(7,530.17)
380.11	Plastic Services - PVC	788,764.40	4.10%	32,339.34	0.88%	6,941.13	0.00%	0.00	0.26%	2,050.79	1.14%	8,991.91	(23,347.43)
380.55-.60	Anodes and Cathodic Protection	69,491.30	4.10%	2,849.14	2.50%	1,737.28	0.00%	0.00	1.75%	1,216.10	4.25%	2,953.38	104.24
	Total Services	14,485,015.53	4.10%	593,885.64	2.18%	315,130.86	0.00%	0.00	1.59%	230,004.11	3.76%	545,134.96	(48,750.68)
381.00	Meters & Meter Installations	6,324,475.10	8.58%	542,639.96	7.03%	444,610.60	0.02%	1,264.90	2.86%	180,879.99	9.91%	626,755.48	84,115.52

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

In the Matter of Great Plains Natural Gas Co.'s Petition for Approval of its 2018 Depreciation Certification

ISSUE DATE: February 22, 2019

DOCKET NO. G-004/D-18-369

ORDER APPROVING DEPRECIATION STUDY AND SETTING INFORMATION REQUIREMENTS FOR FUTURE FILINGS

PROCEDURAL HISTORY

On June 1, 2018, Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc., (Great Plains or the Company) filed a petition requesting approval of the depreciation rates determined in its Annual Depreciation Study for 2018.

On August 16, 2018, the Minnesota Department of Commerce, Division of Energy Resources (the Department) filed comments requesting additional information from Great Plains in reply comments.

On October 4, 2018, Great Plains filed reply comments addressing the Department's comments and correcting its depreciation study.

On November 5, 2018, Great Plains filed supplemental reply comments further correcting its depreciation study (2018 Second Revised Study).

On November 13, 2018, the Department filed a response to Great Plains' reply comments and supplemental reply comments recommending that the Commission (1) approve the depreciation rates included in the 2018 Second Revised Study and (2) require certain additional information and analysis in future Great Plains depreciation filings.

On December 3, 2018, Great Plains filed reply comments responding to the Department's November 13, 2018 response comments. Great Plains expressed concern with the Department's recommendation regarding individual reporting of buildings used for regulatory utility operations.

On December 10, 2018, the Department filed a supplemental response letter explaining its recommendation regarding individual reporting of buildings used for regulatory utility operations.

On December 20, 2018, the Commission met to consider the petition.

FINDINGS AND CONCLUSIONS

I. Introduction

Great Plains' petition is governed by Minn. Stat. § 216B.11 and Minn. R. 7825.0500–.0900, which require public utilities to submit their depreciation rates and methods to the Commission for approval. As the Department explains,

> utilities must file depreciation studies at least once every five years, and must review their depreciation rates annually to determine if they are generally appropriate. . . . When [a] compan[y] choose[s] the remaining-life technique as its basis for depreciating group property accounts, as Great Plains does, although the underlying life and salvage factors may not change, the depreciation rates are adjusted annually to reflect the passage of time effect on remaining lives, as well as the impact of plant additions and retirements. Annual depreciation study updates are required when the remaining-life technique is employed to allow the Commission the opportunity to approve changes in depreciation rates.[1]

Because Great Plains uses the remaining-life technique for depreciation, the Company submitted its Annual Depreciation Study for 2018 for the Commission's review and approval. The Department's review revealed certain necessary corrections that Great Plains incorporated into its depreciation study, culminating in the 2018 Second Revised Study that Great Plains submitted with its November 5, 2018 reply comments.

II. Depreciation Study Results

The depreciation rates contained in the 2018 Second Revised Study, when applied to plant balances as of December 31, 2017, result in a total depreciation expense amount of $2,273,242.

Table 1 below provides a high-level summary of the 2018 Second Revised Study's results, aggregated by system function, and compares these results to the Company's 2017 depreciation study:

[1] Department comments at 2 (August 16, 2018).

Table 1[2]

Plant Group / Accounts	Original Cost	2017 Annual Accrual		2018 Requested Annual Accrual	
Transmission Plant	$2,555,239	1.75%	$44,717	1.24%	$31,558
Distribution Plant	$43,806,947	4.57%	$2,001,978	4.55%	$1,991,946
General Plant	$6,334,250	3.60%	$228,033	3.94%	$249,738
TOTAL	**$52,696,436**	**4.31%**	**$2,274,728**	**4.31%**	**$2,273,242**

The 2018 Second Revised Study's proposed depreciation parameters yield an overall, composite depreciation rate of 4.31%.

III. Commission Action

The Department ultimately recommended approval of the 2018 Second Revised Study, though it expressed concerns with certain aspects of the study. Most of the Department's concerns were resolved upon further explanation from Great Plains, but the Department recommended Commission action regarding several issues. The Commission will adopt the Department's recommendations to approve the 2018 Second Revised Study and require additional information described below in future Great Plains depreciation filings.

A. Group Accounting

Great Plains uses group accounting for buildings used in regulated utility operations. The Department stated that it "wants to better understand how Minnesota regulated utilities account for buildings used in utility service, including the treatment of additions and retirements"[3] in order to "assess whether group accounting is appropriate for the building assets included in the account."[4] To that end, the Department recommended that the Commission require Great Plains to provide a schedule in its next depreciation filing containing information about each building used for regulated utility operations. Great Plains replied with concerns about this recommendation because its use of group accounting means it does not maintain certain information for each building.

The Commission acknowledges the Company's concerns with the difficulty of obtaining the information requested by the Department, and the Commission agrees with the Department that this information is useful and important. Accordingly, this information will not be required in the Company's next depreciation filing, but the Commission will expressly preserve its discretion to

[2] Great Plains 2018 Second Revised Study at 1-1 (November 5, 2018).

[3] Department reply comments at 8 (November 13, 2018).

[4] Department response comments at 2 (December 10, 2018).

require the Company, in its next rate case, to provide a schedule listing all buildings used for regulated utility operations, including the cost amounts, depreciation amounts, depreciation method and rate, placed-in-service dates, building address/location, building's operational purpose, and account where the building is booked.

B. PVC Replacement Program

Great Plains is currently conducting a 15-year PVC Replacement Program, initiated in 2011. The program includes "customer site visits to replace meter bars, house regulators and older meters not able to be refurbished."[5] In its comments on the petition, the Department requested a status update for the program to justify the depreciation rate used for the relevant accounts. In reply comments, Great Plains reported that the program is approximately 42 percent complete. Great Plains also stated that it would provide a "more robust analysis" of the program in its next depreciation filing.[6] The Department recommended that the Commission memorialize the Company's commitment in its order.

The Commission agrees with the Department's recommendation and will require Great Plains to provide a more robust analysis of the accounts affected by the Company's PVC replacement program in its next depreciation filing.

C. Changes to Depreciation-Study Approach

During its review of the Company's petition, the Department noted that the Company "changed the basis for its remaining life calculations from the Broad Group basis to a Vintage Group approach."[7] The Department considered this an "important change that should have been highlighted within the Petition."[8] The Company agreed that it should have explained this change in its petition. The Company promised to using the Vintage Group approach in future years and describing any future changes to its approach.[9] The Department recommended that the Commission memorialize this commitment in its order.

The Commission agrees with the Department's recommendation and will order Great Plains to transparently disclose any changes to its depreciation-study approach in future filings and submit a full depreciation study if the Company alters its depreciation approach before its next scheduled five-year depreciation filing.

D. Schedules Required By Minn. R. 7825.0700

Through an information request, the Department obtained from Great Plains "schedules showing the additions, retirements, adjustments and transfers activity of the plant-in-service and their

[5] Department comments at 7 (August 16, 2018).

[6] Great Plains reply comments at 9 (October 4, 2018).

[7] Department comments at 3 (August 16, 2018).

[8] *Id.*

[9] Great Plains reply comments at 2, 6 (October 4, 2018).

respective depreciation reserve accounts during 2017."[10] The Department maintains that this information is required for depreciation study filings under Minn. R. 7825.0700. The Commission agrees and will require Great Plains to provide activity schedules showing additions, retirements, adjustments, and transfers for plant-in-service accounts and their associated accumulated depreciation accounts in future depreciation filings.

E. Change in Survivor Curve

In its comments, the Department pointed out that Great Plains changed its approach to five general plant accounts by assigning survivor curves to each account where it previously had not used survivor curves.[11] Great Plains explained in reply comments that its approach to the general plant accounts used the same amortization accounting as previously approved, but it employed a different depreciation technique for the current study. The Department concluded that this technique was reasonable, but recommended that Great Plains be required to conduct a full depreciation study before changing its depreciation approach in the future.

The Commission agrees with the Department's recommendation and will require Great Plains to conduct a full depreciation study of any plant group with a change in the survivor curve prior to the Company's next scheduled 5-year depreciation study, or explain why a full study is not necessary.

F. Jurisdictional Annual Report

In conjunction with its review of Great Plains' petition, the Department conducted a limited review of the Company's recent Jurisdictional Annual Report (JAR) filed in Docket No. E,G-999/PR-18-04, which the Company must file because it serves customers in Minnesota and North Dakota. This review revealed that Great Plains reported the entire cost of facilities located within Minnesota for certain accounts instead of reporting the jurisdictional cost of facilities serving Minnesota customers. The Department has recommended that Great Plains correct this error in future JAR filings and explain the change in its next JAR.

The Commission agrees with the Department's recommendation and will require the Company to report the Minnesota-jurisdictional amounts in the gas plant-in-service accounts in future JAR filings. The Commission will also require that in the Company's next JAR, the 2018 beginning-of-year balances for the gas plant-in-service accounts shall reflect the jurisdictional amount, footnoted to explain why the 2018 beginning-of-year balances differ from the reported 2017 year-end balance in the Company's JAR in Docket No. E,G-999/PR-18-04.

ORDER

1. The Commission approves the Company's depreciation study filed November 5, 2018. The Commission expressly preserves its discretion to require the Company, in its next

[10] Department comments Attachment A at 1 (August 16, 2018).

[11] The Department explains that "[s]urvivor curves represent statistical analysis of the plant's estimated useful life; therefore, survivor curves are an integral part in setting depreciation rates." Department comments at 6 (August 16, 2018).

rate case, to provide a schedule listing all buildings used for regulated utility operations, including the cost amounts, depreciation amounts, depreciation method and rate, placed-in-service dates, building address/location, building's operational purpose, and account where the building is booked.

2. In its next depreciation filing, the Company shall provide a more robust analysis of the accounts affected by the Company's PVC replacement program.

3. In its future depreciation filings, the Company shall do the following:

   a. Transparently disclose changes to its depreciation-study approach;

   b. Submit a full depreciation study if the Company alters its depreciation approach before its next scheduled 5-year depreciation filing;

   c. Provide activity schedules required by Minn. R. 7825.0700 showing additions, retirements, adjustments, and transfers for plant-in-service accounts and their associated accumulated depreciation accounts; and

   d. Conduct a full depreciation study of any plant group with a change in the survivor curve prior to the Company's next scheduled five-year depreciation study, or explain why a full study is not necessary.

4. In future Minnesota Jurisdictional Annual Report (JAR) filings, the Company shall report the Minnesota-jurisdictional amounts in the gas plant-in-service accounts. In the Company's next JAR, the 2018 beginning-of-year balances for the gas plant-in-service accounts shall reflect the jurisdictional amount, footnoted to explain why the 2018 beginning-of-year balances differ from the reported 2017 year-end balance in the Company's JAR in Docket No. E,G-999/PR-18-04.

5. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary

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GREAT PLAINS NATURAL GAS CO.

TABLE 1. REVISED SUMMARY OF SERVICE LIFE AND NET SALVAGE ESTIMATES AND CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO THE RECOVERY OF AVERAGE ORIGINAL COST IN GAS PLANT AS OF DECEMBER 31, 2017

- TOTAL -

ACCOUNT	DESCRIPTION	ESTIMATED SURVIVOR CURVE	NET SALVAGE PERCENT	SURVIVING ORIGINAL COST AS OF 12/31/2017	CALCULATED ACCRUED DEPRECIATION	BOOK RESERVE	ANNUAL ACCRUAL AMOUNT	ANNUAL ACCRUAL RATE	REMAINING LIFE
TRANSMISSION PLANT									
365.2	RIGHTS OF WAY	50-R2.5	0	158,152	100,231	124,001	1,228	0.78	18.3
367.0	TRANSMISSION MAINS	50-R3	-20	1,541,179	1,163,374	1,461,591	8,838	0.57	18.6
369.0	MEAS & REG STATION EQUIPMENT	40-R0.5	-10	855,908	158,200	206,134	21,492	2.51	33.3
TOTAL TRANSMISSION PLANT				**2,555,239**	**1,421,805**	**1,791,726**	**31,558**	**1.24**	
DISTRIBUTION PLANT									
374.2	RIGHTS OF WAY	50-R2.5	0	17,654	9,171	8,791	373	2.11	24.0
375.0	DISTR. MEAS & REG STATION STRUCTURES	N/A	-5	32,251	N/A	27,085	916 [1]	2.84	N/A
376.0	MAINS	46-R3	-55	19,426,616	9,205,986	9,867,471	604,015	3.11	31.9
378.0	MEAS & REG STATION EQUIP-GENERAL	N/A	-25	511,305	N/A	351,279	64,169 [2]	12.55	N/A
379.0	MEAS & REG STATION EQUIP-CITY GATE	28-R3	-5	484,883	129,199	113,979	19,539	4.03	20.9
380.0	SERVICES	39-R3	-75	15,937,760	8,149,111	9,392,445	609,125	3.82	27.6
381.0	METERS & METER INSTALLATIONS	N/A	-25	6,438,021	N/A	3,905,077	638,008 [3]	9.91	N/A
383.0	HOUSE REGULATORS	N/A	-5	774,939	N/A	439,509	51,301 [3]	6.62	N/A
385.0	INDUSTRIAL MEAS. & REG. STATION EQUIPMENT	40-S4	0	162,784	14,248	13,804	4,091	2.51	36.5
387.1	CATHODIC PROTECTION EQUIPMENT	25-R3	0	9,235	3,661	3,249	410	4.44	15.1
387.2	OTHER EQUIPMENT	30-R3	0	11,498	9,594	11,498	-	-	5.0
TOTAL DISTRIBUTION PLANT				**43,806,947**	**17,520,970**	**24,134,187**	**1,991,946**	**4.55**	
GENERAL PLANT									
390.0	GENERAL STRUCTURES & IMPROVEMENTS	45-R4	0	2,528,697	650,371	973,232	42,387	1.68	33.4
391.1	OFFICE FURNITURE & EQUIPMENT	16-SQ	0	95,317	59,254	58,979	5,814	6.10	6.1
391.3	COMPUTER & ELECTRONIC EQUIPMENT	4-SQ	0	61,617	38,511	26,529	23,392	37.96	1.5
392.1	TRANSPORTATION EQUIPMENT - TRAILERS	12-R1	10	31,167	19,560	25,947	280	0.90	3.6
392.2	TRANSPORTATION EQUIPMENT	7-L2	20	1,380,893	490,542	648,860	107,138	7.76	3.9
394.0	TOOLS, SHOP, & GARAGE EQUIPMENT	20-SQ	0	628,270	227,794	222,312	32,474	5.17	12.8
396.1	POWER OPERATED EQUIPMENT - TRAILERS	6-L0	65	151,442	16,034	33,224	3,902	2.58	4.2
396.2	POWER OPERATED EQUIPMENT	6-L0	65	1,101,925	98,366	300,745	15,068	1.37	4.5
397.0	COMMUNICATION EQUIPMENT	18-SQ	0	303,583	195,944	194,381	17,108	5.64	6.4
398.0	MISCELLANEOUS EQUIPMENT	25-SQ	0	51,339	20,175	18,341	2,175	4.24	15.2
TOTAL GENERAL PLANT				**6,334,250**	**1,816,551**	**2,502,550**	**249,738**	**3.94**	
TOTAL GAS PLANT STUDIED				**52,696,436**	**20,759,326**	**28,428,463**	**2,273,242**	**4.31**	
PLANT NOT STUDIED									
301.0	ORGANIZATION COSTS			5,006					
302.0	FRANCHISE COSTS			73,680					
303.0	INTANGIABLE ASSETS			2,783,783					
365.0	LAND			5,585					
374.0	LAND			2,978					
389.0	LAND & LAND RIGHTS GENERAL			48,658.66					
TOTAL PLANT				55,616,128					

Notes:

1 Interim Retirement Rate. Service lives vary.
2 Based upon anticipated district regulator change out / eliminations.
3 Based upon 20 ERT battery life and remaining PVC program term 2016 - 2026.

All currently approved rates include salvage portion.

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - MAINS
2016 ADDITIONS - ACTUAL 2016 TRUE UP

		2016											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Main													
Expenditures 1/	$956,526	$0	$4,061	$112	$13,489	$48,987	$194,341	$243,851	$162,179	$136,844	$6,844	$151,832	($6,014)
Close to Plant (cumulative)	956,526	0	4,061	4,173	4,173	4,173	4,173	4,173	4,173	306,559	307,251	317,039	956,526
Depreciation	2,390	0	0	10	10	10	10	10	10	10	764	766	790
Accumulated Reserve	2,390	0	0	10	20	30	40	50	60	70	834	1,600	2,390
ADIT - see page 16	13,851	1,154	2,308	3,462	4,616	5,770	6,924	8,078	9,232	10,386	11,540	12,694	13,851
Net Plant	$940,285	($1,154)	$1,753	$701	($463)	($1,627)	($2,791)	($3,955)	($5,119)	$296,103	$294,877	$302,745	$940,285
Ad Valorem Taxes	$17,026	0	6	6	6	6	6	6	6	455	456	470	15,603

1/ December 2016 expenditures and closure to plant amounts revised to actual.

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - MAINS
2016 ADDITIONS - 2017 GUIC

		2017											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Main													
Expenditures	$0												
Close to Plant (cumulative)	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526	956,526
Depreciation	28,980	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415
Accumulated Reserve	31,370	4,805	7,220	9,635	12,050	14,465	16,880	19,295	21,710	24,125	26,540	28,955	31,370
ADIT - see page 16	30,429	15,233	16,615	17,997	19,379	20,761	22,143	23,525	24,907	26,289	27,671	29,053	30,429
Net Plant	$894,727	$936,488	$932,691	$928,894	$925,097	$921,300	$917,503	$913,706	$909,909	$906,112	$902,315	$898,518	$894,727
Ad Valorem Taxes	$17,026	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,417

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - SERVICES
2016 ADDITIONS - ACTUAL 2016 TRUE UP

		2016											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Services													
Expenditures 1/	$883,018	$0	$487	$112	$3,379	$19,321	$207,468	$162,822	$231,746	$252,096	$45,223	$181,017	($220,653)
Close to Plant (cumulative)	883,018	0	487	599	599	599	599	608	608	398,912	420,790	421,045	883,018
Depreciation	4,254	0	0	2	2	2	2	2	2	2	1,363	1,438	1,439
Accumulated Reserve	4,254	0	0	2	4	6	8	10	12	14	1,377	2,815	4,254
ADIT - see page 16	11,939	995	1,990	2,985	3,980	4,975	5,970	6,965	7,960	8,955	9,950	10,945	11,939
Net Plant	$866,825	($995)	($1,503)	($2,388)	($3,385)	($4,382)	($5,379)	($6,367)	($7,364)	$389,943	$409,463	$407,285	$866,825
Ad Valorem Taxes	$15,718	0	1	1	1	1	1	1	1	592	624	625	13,870

1/ December 2016 expenditures and close to plant amounts revised to actual.

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - SERVICES
2016 ADDITIONS - 2017 GUIC

		2017											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Services													
Expenditures	$0												
Close to Plant (cumulative)	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018	883,018
Depreciation	33,204	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767	2,767
Accumulated Reserve	37,458	7,021	9,788	12,555	15,322	18,089	20,856	23,623	26,390	29,157	31,924	34,691	37,458
ADIT - see page 16	24,574	12,992	14,045	15,098	16,151	17,204	18,257	19,310	20,363	21,416	22,469	23,522	24,574
Net Plant	$820,986	$863,005	$859,185	$855,365	$851,545	$847,725	$843,905	$840,085	$836,265	$832,445	$828,625	$824,805	$820,986
Ad Valorem Taxes	$15,718	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,310	1,308

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - MAINS
2017 ADDITIONS - ACTUAL 2017 TRUE UP

		2017											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Main													
Expenditures	$1,778,279	$0	$0	$1,058	$8,915	$249,194	$379,516	$294,405	$310,776	$57,775	$384,381	$150,316	($58,057)
Close to Plant (cumulative)	1,710,848	0	0	0	0	0	0	0	83,064	711,758	813,670	819,881	1,710,848
Depreciation	6,132	0	0	0	0	0	0	0	0	210	1,797	2,055	2,070
Accumulated Reserve	6,132	0	0	0	0	0	0	0	0	210	2,007	4,062	6,132
ADIT - see page 17	$24,005	2,000	4,000	6,000	8,000	10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,005
Net Plant	$1,680,711	(2,000)	(4,000)	(6,000)	(8,000)	(10,000)	(12,000)	(14,000)	67,064	693,548	791,663	793,819	1,680,711
Ad Valorem Taxes	$30,453	0	0	0	0	0	0	0	123	1,056	1,207	1,216	26,851

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - MAINS
2017 ADDITIONS - GUIC 2018

		PROJECTED 2018											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Main													
Expenditures	$0												
Close to Plant (cumulative)	$1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848	1,710,848
Depreciation	51,840	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320	4,320
Accumulated Reserve	57,972	10,452	14,772	19,092	23,412	27,732	32,052	36,372	40,692	45,012	49,332	53,652	57,972
ADIT - see page 17 1/	$33,549	25,581	27,025	28,323	29,480	30,491	31,361	32,085	32,664	33,101	33,393	33,544	33,549
Net Plant	$1,619,327	1,674,815	1,669,051	1,663,433	1,657,956	1,652,625	1,647,435	1,642,391	1,637,492	1,632,735	1,628,123	1,623,652	1,619,327
Ad Valorem Taxes	$30,453	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,538	2,535

1/ Balances based on monthly proration methodology.

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - SERVICES
2017 ADDITIONS - ACTUAL 2017 TRUE UP

		2017											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Services													
Expenditures	$1,172,305	$0	$0	$0	$425	$49,578	$261,974	$169,750	$234,467	$61,195	$382,569	$27,820	($15,473)
Close to Plant (cumulative)	1,166,692	0	0	0	0	0	0	0	44,916	479,188	564,440	570,358	1,166,692
Depreciation	5,198	0	0	0	0	0	0	0	0	141	1,501	1,769	1,787
Accumulated Reserve	5,198	0	0	0	0	0	0	0	0	141	1,642	3,411	5,198
ADIT - see page 17	$15,949	1,329	2,658	3,987	5,316	6,645	7,974	9,303	10,632	11,961	13,290	14,619	15,949
Net Plant	$1,145,545	(1,329)	(2,658)	(3,987)	(5,316)	(6,645)	(7,974)	(9,303)	34,284	467,086	549,508	552,328	1,145,545
Ad Valorem Taxes	$20,767	0	0	0	0	0	0	0	67	711	837	846	18,306

GREAT PLAINS NATURAL GAS CO.
GUIC PLANT ADDITIONS - SERVICES
2017 ADDITIONS - GUIC 2018

		PROJECTED 2018											
	Total	January	February	March	April	May	June	July	August	September	October	November	December
Replace PVC Services													
Expenditures	$0												
Close to Plant (cumulative)	$1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692	1,166,692
Depreciation	43,872	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656	3,656
Accumulated Reserve	49,070	8,854	12,510	16,166	19,822	23,478	27,134	30,790	34,446	38,102	41,758	45,414	49,070
ADIT - see page 17 1/	$21,325	16,837	17,650	18,381	19,033	19,603	20,093	20,501	20,827	21,073	21,237	21,322	21,325
Net Plant	$1,096,297	1,141,001	1,136,532	1,132,145	1,127,837	1,123,611	1,119,465	1,115,401	1,111,419	1,107,517	1,103,697	1,099,956	1,096,297
Ad Valorem Taxes	$20,767	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,731	1,726

1/ Balances based on monthly proration methodology.

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/M-19-273	☐Nonpublic ☒Public
Requested From:	Great Plains Natural Gas Co., – Tamie Aberle	Date of Request: 7/15/2019
Type of Inquiry:	General	Response Due: 7/25/2019

Requested by: Sachin Shah
Email Address(es): sachin.shah@state.mn.us
Phone Number(s): 651-539-1834

Request Number: **2**
Topic:
Reference(s): Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., April 15, 2019 Filing.

Request:

In Exhibit B of its Petition, the Company stated the following:

> In 2018, mains and services were replaced in Clarkfield and Pelican Rapids. At the end of 2018, approximately 45% of total mains and 55% of total services planned to be replaced has been completed.

A. Please separately provide the estimated mains (feet) and services, by location, that the company has planned to be replaced, for its Minnesota communities and service area.

B. Please separately provide on a yearly basis, the actual mains (feet) and services, by location, that the Company has completed through 2018.

C. Explain how the 45% of total mains and 55% of total services planned to be replaced as described above were calculated.

Please provide all of the above calculations' and all the data used to create them, in Microsoft Excel format with all links and formulae intact.

If this information has already been provided in the application or in response to an earlier Department information request (IR), please identify the specific cite(s) or Department IR numbers(s).

To be completed by responder

Response Date: 7/30/2019
Response by: Travis Jacobson – Manager, Regulatory Affairs
Email Address: travis.jacobson@mdu.com
Phone Number: 701-222-7855

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number: G004/M-19-273 ☐Nonpublic ☒Public
Requested From: Great Plains Natural Gas Co., – Tamie Aberle Date of Request: 7/15/2019
Type of Inquiry: General Response Due: 7/25/2019

Requested by: Sachin Shah
Email Address(es): sachin.shah@state.mn.us
Phone Number(s): 651-539-1834

Response:

A & B: See Response No. 2 - Attachment A. Page 1 identifies PVC Mains and Services identified in the Company's Geographic Information System (GIS) yet to be retired through the system replacement projects. Pages 2 and 3 identify PVC Mains and Services identified as retired in the Company's GIS system.

C. The calculation based on the provided information is below. Please note there was an error in the wording of the paragraph. The paragraph should have read, "At the end of 2019, approximately 45% of total mains and 51% of total services planned to be replaced will be completed." This is due to the fact that the calculation takes into account the planned replacements in 2019 for Pelican Rapids and Montevideo.

	Mains		Services	
Planned Replacements 2019 - forward:	595,306		397,258	
Planned 2019 Replacements:	49,312		27,633	
Total Replacements Remaining After 2019:	545,994	54.29%	369,625	48.68%
Retirements:	410,332		361,981	
Planned 2019 Retirements:	49,312		27,633	
Total Retirements - 2019:	459,644	45.71%	389,614	51.32%
Total:	1,005,638	100.00%	759,239	100.00%

To be completed by responder

Response Date: 7/30/2019
Response by: Travis Jacobson – Manager, Regulatory Affairs
Email Address: travis.jacobson@mdu.com
Phone Number: 701-222-7855

Great Plains Natural Gas Co.
Planned Mains / Services Replacements

Location	Main (FT.)	Service (FT.)	Services (EA.)	
Breckenridge				
Crookston		40	2	1/
Erhard				
Fergus Falls	215,492	143,509	1,694	
Frazee	1			1/
GPNG Transmission	4			1/
Pelican Rapids	9,561	6,710	84	
Vergas				
Belview	12,055	6,098	68	
Boyd	9,886	5,428	75	
Clarkfield				
Danube	15,259	9,604	111	
Dawson	5			1/, 2/
Echo				
Granite Falls	8,561	2,592	46	
Marshall	106,622	80,059	1,178	
Montevideo	111,589	72,167	939	
Redwood Falls	89,825	60,687	877	
Renville				
Sacred Heart				
Wood Lake	16,446	10,364	129	
Total:	**595,306**	**397,258**	**5,203**	

1/ Great Plains is reviewing these records as these locations likely do not have PVC mains or services.

2/ Dawson replacements were completed in 2013.

GREAT PLAINS NATURAL GAS CO.
MAIN FOOTAGE REPLACED THROUGH 07-22- 2019

	NORTH DISTRICT						SOUTH DISTRICT													Grand
Year	Breckenridge	Crookston	Erhard	Fergus Falls	Pelican Rapids	Vergas	Belview	Boyd	Clarkfield	Dawson	Echo	Granite Falls	Marshall	Montevideo	Redwood Falls	Renville	Sacred Heart	Wood Lake	Total
1967	-	-	-	-	-	-	-	-	-	-	-	383	-	-	-	-	-	-	383
1970	-	-	-	255	-	-	-	-	-	-	-	-	-	-	-	-	-	-	255
1973	-	-	-	394	-	-	-	-	-	-	-	10	-	-	-	-	-	-	404
1975	-	-	-	672	-	-	-	-	-	-	-	-	-	-	-	-	-	-	672
1976	-	-	-	451	-	-	-	-	-	-	-	-	265	-	-	-	-	-	715
1977	112	-	-	-	-	-	-	-	-	-	-	-	-	86	-	-	-	-	198
1978	-	-	-	-	-	-	-	-	-	-	-	-	-	15	-	-	-	40	55
1979	59	-	-	-	-	-	-	-	-	-	-	-	43	99	-	-	-	-	202
1980	239	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	239
1981	-	-	-	121	-	-	-	-	-	168	-	-	84	-	-	-	-	-	372
1982	-	-	-	163	-	-	-	-	-	-	-	-	-	-	83	-	-	-	246
1983	-	-	-	-	-	-	-	-	-	-	-	-	-	457	-	-	-	-	457
1985	81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81
1986	-	-	-	-	-	-	-	-	-	-	-	-	-	54	-	-	-	-	54
1987	-	-	-	-	-	-	-	-	-	-	-	-	219	-	-	-	-	-	219
1988	-	-	-	-	-	-	-	-	-	-	-	-	101	-	-	-	-	-	101
1989	-	-	-	-	-	-	-	-	-	-	-	-	-	537	-	-	-	-	537
1990	-	-	-	13	-	-	-	-	461	-	-	83	203	-	-	-	-	-	759
1991	-	-	-	53	-	-	-	-	-	-	-	-	64	-	-	-	-	-	117
1992	-	-	-	-	-	-	-	-	-	-	-	-	293	-	-	189	20	-	502
1993	91	-	-	-	-	-	-	-	-	-	-	-	619	286	-	-	-	-	996
1994	-	-	-	-	-	-	-	-	7	-	-	-	-	-	144	-	-	-	151
1995	-	25	-	450	-	-	-	-	-	-	-	-	-	47	23	-	-	-	545
1996	154	-	-	548	-	-	-	-	-	-	-	-	-	8	37	-	-	42	790
1997	699	-	-	743	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,442
1998	-	-	-	-	-	-	-	-	-	-	-	-	780	214	-	-	-	-	994
1999	1,100	-	-	-	-	143	-	-	-	-	-	-	953	1,413	-	-	-	245	3,854
2000	224	-	-	-	-	-	-	-	-	536	-	-	1,590	-	-	-	-	-	2,349
2001	53	-	-	-	-	-	-	136	-	-	-	-	-	441	-	-	-	-	631
2002	91	-	-	-	-	-	-	-	-	18	-	-	-	-	-	-	-	-	109
2003	-	-	-	-	-	-	-	-	269	-	-	-	-	199	842	-	-	37	1,346
2004	-	-	-	1,000	-	-	-	-	-	106	-	-	1,736	82	-	-	-	-	2,924
2005	99	-	-	135	-	-	-	-	-	-	-	-	3,185	1,170	280	-	-	-	4,869
2006	-	-	-	1,473	-	-	-	109	-	-	-	-	1,363	-	-	-	-	-	2,946
2007	-	-	-	637	136	-	-	-	-	-	-	-	3,361	-	-	-	-	-	4,134
2008	1,474	-	-	-	-	-	-	-	-	89	-	-	659	5,405	176	2,486	-	-	10,289
2009	2,026	-	-	4,052	-	-	345	-	-	-	-	-	3,564	22	2,299	-	-	-	12,308
2010	2,814	-	-	5,947	-	-	-	-	-	1,451	-	-	2,878	546	-	-	-	-	13,635
2011	6,711	-	-	4,316	-	-	-	-	1,008	1,398	-	-	5,674	-	60	-	-	-	19,168
2012	1,006	-	-	9,727	2,932	-	-	15	1,920	23,156	-	-	650	3	1,076	-	-	-	40,486
2013	191	-	-	329	-	-	-	-	-	23,023	-	-	69	1,387	-	-	-	-	24,999
2014	15,156	-	-	1,241	542	-	-	-	-	-	-	-	5,565	1,444	745	-	19,882	-	44,576
2015	11,905	-	-	1,832	889	-	-	-	-	-	-	-	4,791	21	156	18,050	-	-	37,644
2016	20,236	-	-	82	134	-	-	-	45	-	86	-	7,039	-	-	18,620	-	-	46,242
2017	3,666	-	-	1,273	18,865	-	-	-	8,984	-	-	-	-	11,826	245	-	-	-	44,858
2018	-	-	1	2,525	12,554	-	-	-	18,148	-	-	-	228	12	-	-	-	-	33,468
2019	-	-	-	-	-	-	-	-	-	-	-	-	286	35	-	-	-	-	322
TOTAL	**68,186**	**25**	**1**	**38,432**	**36,051**	**143**	**345**	**260**	**30,842**	**49,945**	**86**	**475**	**46,263**	**25,809**	**6,167**	**39,345**	**19,902**	**364**	**362,641**
1/	3,036	-	-	4,374	3,168	-	-	126	1,151	2,717	10,968	168	15,329	1,804	1,325	2,715	781	30	47,692
GRAND TOTAL	**71,222**	**25**	**1**	**42,806**	**39,220**	**143**	**345**	**386**	**31,993**	**52,662**	**11,054**	**643**	**61,591**	**27,613**	**7,492**	**42,060**	**20,683**	**394**	**410,332**

1/ Feet of mains replaced in an identified location, but the date format was entered erroniously (i.e. year 209 vs 2009), or date field was blank.

GREAT PLAINS NATURAL GAS CO.
SERVICES FOOTAGE REPLACED THROUGH 07-22-2019

	NORTH DISTRICT					SOUTH DISTRICT													Grand
YEAR	Breckenridge	Crookston	Fergus Falls	Pelican Rapids	Vergas	Belview	Boyd	Clarkfield	Danube	Dawson	Echo	Granite Falls	Marshall	Montevideo	Redwood Falls	Renville	Sacred Heart	Wood Lake	Total
1961	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23	-	-	-	23
1963	113	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	113
1968	-	-	-	-	-	-	-	26	-	-	-	-	-	-	-	-	-	-	26
1969	109	-	-	-	-	-	-	-	-	-	-	-	156	6	-	-	-	-	271
1970	44	-	35	-	-	-	-	-	-	-	-	-	-	56	-	-	-	-	134
1971	-	-	-	-	-	-	-	-	-	84	-	-	-	-	-	-	-	-	84
1972	353	-	3	-	-	-	-	-	-	-	-	-	-	-	4	-	-	-	360
1973	-	-	280	-	-	-	-	-	-	-	-	-	-	-	-	-	100	-	380
1974	57	-	80	-	-	-	-	40	-	-	-	-	-	-	-	-	-	-	176
1975	14	-	79	169	-	-	-	-	-	7	-	-	44	20	43	-	-	-	376
1976	408	-	608	101	-	-	-	-	225	-	-	-	-	-	-	47	-	-	1,389
1977	36	-	208	24	-	-	4	9	-	125	-	-	120	15	58	-	19	-	619
1978	-	-	255	-	-	101	97	114	-	316	-	-	10	109	-	279	352	57	1,691
1979	86	-	523	89	-	-	-	245	-	168	-	-	24	348	-	95	181	-	1,759
1980	120	-	81	160	-	-	-	83	-	280	-	-	25	258	-	-	-	-	1,007
1981	342	-	187	-	-	47	-	9	23	154	-	20	203	235	15	-	-	-	1,236
1982	-	-	296	187	-	-	146	27	-	20	-	-	160	582	191	-	-	28	1,638
1983	300	-	225	-	-	-	-	-	-	73	-	-	372	74	192	-	12	-	1,248
1984	293	68	149	188	-	-	12	81	-	-	18	-	-	89	153	-	151	-	1,203
1985	499	-	-	137	-	-	-	-	-	72	-	-	343	320	-	175	-	-	1,547
1986	50	-	317	55	-	77	138	-	-	281	-	-	209	-	56	156	-	-	1,339
1987	15	-	267	356	-	98	216	6	-	353	46	-	6	-	142	291	-	-	1,797
1988	209	215	73	-	-	-	-	-	-	278	-	-	87	-	35	293	41	99	1,330
1989	281	123	645	432	-	-	125	316	-	302	-	-	285	679	-	205	-	-	3,393
1990	427	78	74	184	-	68	71	129	-	79	-	-	458	-	70	274	-	253	2,165
1991	147	-	289	144	-	-	-	-	-	210	38	-	578	80	152	290	80	22	2,029
1992	264	-	158	-	-	-	-	396	-	169	-	-	178	22	54	302	124	167	1,833
1993	152	23	-	21	-	-	-	126	97	217	-	-	192	48	123	119	96	-	1,215
1994	13	41	102	99	-	50	-	53	-	128	-	-	121	120	200	-	-	-	927
1995	15	-	208	-	-	60	68	101	-	-	59	-	127	254	399	-	66	-	1,358
1996	250	-	442	-	-	-	31	-	-	19	99	-	28	26	97	32	-	-	1,024
1997	301	-	268	6	-	-	-	46	-	47	-	-	276	267	50	-	-	130	1,391
1998	1,917	100	47	172	-	32	15	41	-	478	44	-	121	1,526	448	136	34	-	5,110
1999	1,540	202	85	452	-	-	184	37	101	722	-	-	411	1,529	66	18	39	-	5,386
2000	203	25	103	70	-	139	-	-	-	380	105	-	391	672	581	64	90	-	2,824
2001	338	-	43	146	29	21	91	-	-	250	87	-	344	441	-	-	61	-	1,850
2002	49	-	683	54	-	-	237	-	-	165	111	-	45	12	113	-	-	-	1,467
2003	264	43	597	149	-	-	20	142	60	75	-	-	189	427	149	-	-	-	2,116
2004	85	-	854	139	-	-	27	32	-	10	-	-	648	777	144	54	198	-	2,968
2005	243	-	518	45	-	-	-	358	108	155	-	-	2,388	646	467	-	378	-	5,305
2006	581	-	587	122	-	-	32	-	-	-	141	-	1,719	458	141	518	-	66	4,365
2007	197	-	485	292	-	-	-	87	-	148	-	-	2,255	131	56	-	-	-	3,651
2008	1,616	-	235	-	-	-	-	415	90	111	-	-	1,336	1,018	882	2,118	424	42	8,286
2009	1,907	-	2,099	24	-	110	-	238	-	132	146	-	1,251	211	1,113	115	72	151	7,570
2010	1,249	-	3,300	-	-	-	-	41	-	1,657	111	-	2,504	653	762	86	253	122	10,738
2011	3,856	-	1,552	120	-	-	-	88	-	341	41	-	5,401	113	50	140	74	52	11,829
2012	826	-	6,181	2,038	-	105	-	1,599	84	13,329	-	-	678	180	1,518	-	98	98	26,736
2013	449	-	698	139	-	145	144	262	11	14,281	131	-	1,374	990	117	-	-	23	18,765
2014	9,943	-	1,183	1,311	-	-	-	-	-	-	-	-	4,937	1,383	585	-	10,837	-	30,179
2015	11,184	-	1,377	788	-	-	-	221	24	-	92	-	5,006	73	681	11,525	-	144	31,116
2016	11,063	-	1,728	154	-	-	-	246	107	68	-	-	7,121	274	417	10,744	-	328	32,250
2017	2,664	-	1,134	10,082	-	-	276	3,857	-	-	4,691	-	673	5,479	506	-	-	-	29,362
2018	-	-	2,624	6,582	-	211	-	11,236	67	53	-	-	881	229	244	-	-	-	22,127
2019	-	-	340	-	-	-	355	-	-	-	-	-	284	46	-	-	-	12	1,037
TOTAL	**55,074**	**917**	**32,306**	**25,235**	**29**	**1,265**	**2,289**	**20,709**	**997**	**35,741**	**5,961**	**20**	**43,960**	**20,876**	**11,092**	**28,076**	**13,781**	**1,795**	**300,122**
1/	6,716	169	6,296	6,254	116	431	24	1,957	358	5,473	2,041	-	18,746	4,124	3,425	2,744	2,055	930	61,859
GRAND TOTAL	**61,790**	**1,087**	**38,602**	**31,489**	**145**	**1,696**	**2,314**	**22,666**	**1,355**	**41,213**	**8,002**	**20**	**62,706**	**25,000**	**14,517**	**30,819**	**15,836**	**2,724**	**361,981**

1/ Feet of services replaced in an identified location, but the date format was entered erroniously (i.e. year 209 vs 2009), or date field was blank.

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/M-19-273	☐Nonpublic ☒Public
Requested From:	Great Plains Natural Gas Co., – Tamie Aberle	Date of Request: 7/15/2019
Type of Inquiry:	General	Response Due: 7/25/2019

Requested by: Sachin Shah
Email Address(es): sachin.shah@state.mn.us
Phone Number(s): 651-539-1834

Request Number: **3**
Topic:
Reference(s): Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., April 15, 2019 Filing.

Request:

In Exhibit B of its Petition, the Company stated the following:

> The 2019 projects identified are being bid through a Request for Proposal (RFP) process. The bid process will be finalized in April. The costs and footages shown above are based on the quantities in the RFP.

A. Please provide a narrative of the RFP process.

B. Please provide documentation linking the RFP results to Great Plains' proposed rates.

C. Please show how Great Plains has complied with the requirement in subdivision 5 of the GUIC statute that costs be "prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers."

D. Are any of the successful bidders affiliated with Montana-Dakota Utilities Company or its Parent?

If applicable, please provide the requested information, in Microsoft Excel format with all links and formulae intact.

To be completed by responder

Response Date: 7/30/2019
Response by: Travis Jacobson – Manager, Regulatory Affairs
Email Address: travis.jacobson@mdu.com
Phone Number: 701-222-7855

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/M-19-273	☐Nonpublic ☒Public
Requested From:	Great Plains Natural Gas Co., – Tamie Aberle	Date of Request: 7/15/2019
Type of Inquiry:	General	Response Due: 7/25/2019

Requested by: Sachin Shah
Email Address(es): sachin.shah@state.mn.us
Phone Number(s): 651-539-1834

If this information has already been provided in the application or in response to an earlier Department information request (IR), please identify the specific cite(s) or Department IR numbers(s).

Response:

A. The PVC replacement projects for Pelican Rapids and Montevideo were bid through an RFP issued on April 5, 2019, with the scope of the work for each project area provided by Great Plains. Company Engineering and Operations staff evaluated the bids received in response to the RFP, taking into account the overall cost of the project, the contractor's experience and ability to perform the work requested. See Response No. 3 Attachment A for the following information (Information in Attachment A has been designated as trade secret information – Not for Public Disclosure):
    - Pages 1 - 2 – RFP Process
    - Pages 3 - 5 – Pelican Rapids RFP
    - Pages 6 - 9 – Montevideo RFP
    - Page 10 – Pelican Rapids Cost Breakdown
    - Page 11 – Montevideo Cost Breakdown

B. Pages 10 – 11 of Attachment C identify the accepted cost plans based on the awarded bids for the 2019 projects in Pelican Rapids and Montevideo, respectively. Sewer inspection and concrete/asphalt removal and restoration costs were estimated by Great Plains staff and were added to the awarded bids. The following table is a breakdown of the 2019 projected project costs.

Mains				Services		
Pelican Rapids:	210,885	(Page 10)		Pelican Rapids:	226,985	(Page 10)
Montevideo:	916,364	(Page 11)		Montevideo:	967,258	(Page 11)
Sewer Inspect./Restoration:	285,000				**1,194,243**	1/
	1,412,249	1/				

1/ Projected 2019 Plant additions, see Docket No. G004/M-19-273, Exhibit D, Page 13.

To be completed by responder

Response Date: 7/30/2019
Response by: Travis Jacobson – Manager, Regulatory Affairs
Email Address: travis.jacobson@mdu.com
Phone Number: 701-222-7855

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/M-19-273	☐Nonpublic ☒Public
Requested From:	Great Plains Natural Gas Co., – Tamie Aberle	Date of Request: 7/15/2019
Type of Inquiry:	General	Response Due: 7/25/2019

Requested by: Sachin Shah
Email Address(es): sachin.shah@state.mn.us
Phone Number(s): 651-539-1834

C. Great Plains has complied with the requirements of Minnesota Statutes, section 216B.1635, subdivision 5 by engaging multiple contractors for project bids through the RFP process. Through this process, 5 bids were received for the Montevideo project and 3 bids were received for Pelican Rapids. Contractor bids were evaluated based on the overall cost the contractor's bid to complete the project, as well as the contractor's experience and ability to perform the work requested. The contractors selected to perform the 2019 projects were chosen the based on their bids being the lowest bid for the respective location, and their experience with natural gas systems within the Great Plains service area.

D. None of the successful bidders are affiliated with Great Plains Natural Gas Co., Montana-Dakota Utilities, or MDU Resources Group, Inc.

To be completed by responder

Response Date: 7/30/2019
Response by: Travis Jacobson – Manager, Regulatory Affairs
Email Address: travis.jacobson@mdu.com
Phone Number: 701-222-7855

April 5, 2019

Re: Bid Letting for MDU/GPNG natural gas distribution replacement

Bid Deadline: Friday 4/19/2019 at 5PM Central Time

Attached are requests for proposal to replace portions of MDU/GPNG's natural gas distribution systems in **4** states at **9** locations. Work described by the collective RFPs are not tied and bidders are welcome to bid any or all the attached Scopes of Work. Replacement project locations include:

Minnesota – Montevideo/Pelican Rapids
Montana – Fairview (MT)/Glendive
North Dakota – Dickinson/Fairview (ND)/Glen Ullin/New Salem
South Dakota – Rapid City

1. **Proposal Requirements**
   Energy WorldNet (EWN) – MDU/GPNG is utilizing EWN to manage its Operator Qualification plan and the qualification of its employees. Any contractor that is to do work on MDU/GPNG gas distribution system must be enrolled into EWN, and at minimum completed the "level 2" Operator Qualification requirements prior to starting work.

   - Bid submittal –
     - Submit bids via email to - MDUGasIntegrityEngineering@mdu.com
     - Complete & Submit respective Electronic Bidder Schedule for individual project
     - Complete & Submit preliminary work schedule with bid. At a minimum, the schedule must include the estimated start and completion dates for each phase identified in the plan set
     - Receipt of bids will be acknowledged by a reply email.

2. **Addenda and Interpretations**
   Interpretations of the meaning of the Scopes of Work will not be made orally to any Bidder. Questions may be sent by email to the engineer or supervisor listed on the cover letter of each RFP. Questions will be collected, and addenda will be issued to all Bidders, as needed. Questions must be received at least five (5) business days prior to the date fixed for bid opening to allow for appropriate consideration. Questions received less than 5 business days prior to the date for opening of bids may not be answered.

3. **Time of Completion**
   All work must be complete by **November 1, 2019**. The Successful Bidder will be required to complete the work to the satisfaction of MDU/GPNG within the stipulated time and prior to final payment.

4. **Modifications or Withdrawal of Bids**
   A Bidder may submit modification to or withdrawal of his proposal at any time prior to bid opening.

5. **Qualification of Bidders**
   MDU/GPNG reserves the right to evaluate the Bidder’s financial responsibility, experience, capacity, ability, and integrity to perform the work in accordance with the contract documents.

6. **Contract Award**
   MDU/GPNG reserves the right to award the work as is most advantageous to them or reject all bids.

7. **Contract Specifications**
   Specification to be followed under this contract are “Master Construction Services Contract Natural Gas Distribution Facilities”, as currently revised, and the Scope of Work for each project.

8. **Examination of Project Site**
   Bidders are responsible for examination of the sites of the projects. This includes the soil and water conditions to be encountered, improvements and private property to be protected, disposal sites for surplus material other than sites designated, and as to methods of ingress and egress to private properties and methods of handling traffic during construction.

EXHIBIT G
PROJECT PROPOSALS

2019 PVC Replacement Project
Pelican Rapids, Minnesota

Scope of Work
This project includes the replacement of PVC gas mains and services with MDPE lines, tie-over of existing facilities, and removal of one (1) District Regular Station. All Work shall be done under the direct supervision of Owner's personnel. Contractor shall conform to all of Owner's duties and obligations required under this Contract and is required to adhere to all construction practices as outlined in the current revision of the MDU-GPND Gas Construction, Operations, and Maintenance Standards.

1) **GENERAL CONDITIONS**
   a. All required documentation is incidental to the retirements and replacements and will be submitted weekly, legibly, and neatly. This documentation typically includes:
      i. Fuser Sheet
         1. Part/Material Lists – Part No./Qty/Manufacturer/Lot No./etc.
         2. DOT Information – Tester/Test Duration/Test Medium/Test Pressure/Fuser/etc.
      ii. Pipeline Inspection Report
         1. Exposed pipe inspected – Type/Size/Condition/Pipe or Wire to Soil Voltage Potential/Approx. Depth/etc.
         2. Exposed Pipe Removed from Service – Size/Liquids Present/Internal Condition
   b. Any gas line tie-overs performed must have and adhere to the following:
      i. Verifiable pressure test records
      ii. Locatable
      iii. Meet proper depth & cover requirements
   c. All bores shall require documentation in a log book. At the end of the project the log book must be turned in to the MDU/GPNG Integrity Engineering Department.
   d. Any welding on steel lines will be completed by Owner's personnel.
   e. Per Contract Section 20 of the Contract, Contractor may not subcontract its responsibilities without the written consent of Owner. Contractor shall provide a list of subcontractors to Owner prior to the start of construction.
   f. Work Schedule shall be submitted and updated per Section 7 of the Contract.
      i. Estimated start date: May 1, 2019
      ii. Completion date: November 1, 2019
      iii. A preliminary schedule is to be submitted with bid. At a minimum, the schedule must include the estimated start and completion dates for each phase identified in the plan set.

2) **MAIN INSTALLATION/REPLACEMENT**
   a. Installation of approximately 10,042 feet of 2" MDPE
   b. Main Tie-Over – Connections to and tie-over of existing plastic mains are incidental to the bid price for main installation/replacement.
   c. All main-to-main connections shall be completed using full open tees. Use of high-volume tap tees shall require approval from the MDU Gas Integrity Department prior to use.

3) **SERVICE LINE INSTALLATION/REPLACEMENT**
   a. Total Service Line Count – 147 with average length of 72'
      i. Replacement - 95

ii. Tie-Over - 52
iii. Typical service diameter – ¾”

b. Approximate Service Footage Retirement – 12,552’ of small diameter PVC, EVPP, or Steel.
c. All replacement and tie-over services must have an appropriately sized excess flow valve (EFV) installed as close to the main as practical. If an EFV of sufficient size is not commercially available, a curb valve must be installed.
d. All services shall have a separate bell-hole and shall come off the main at a 90º angle, unless approved by the MDU/GPNG Engineering Department.

4) SYSTEM RETIREMENT

a. District Regulator Stations (DRS)
   i. Two District Regulator Stations will be retired as part of this project.
   ii. All isolation valve, regulator, and relief valve operation will be performed by Owner’s personnel.
   iii. Miscellaneous work associated with DRS retirements performed by Contractor (excavation, building demo, etc.) will be paid on a T&E basis.
b. Main Retirements are incidental to bid item for installation/replacement.
   i. Retirement includes purging of gas from and sealing ends of mains.
   ii. The presence/absence of liquids is to be verified at the ends of the retired system. Any liquids found are to be collected.
c. Service Retirements are incidental to bid items for installation/replacement
   i. Retirement includes purging of gas from services
   ii. Each retired service is to be cut at ground level and have an expand-o plug installed
d. Underground Greaseable Plug Valves
   i. All greaseable plug valves are to be removed & properly handled per Owner PCB Plan
   ii. Miscellaneous work to extract valves (additional excavation & backfill, pipe cutting, sealing pipe ends, etc.) will be incidental to “Remove Greaseable Plug Valve” bid item.

5) MATERIALS

a. All necessary building materials will be furnished by Owner. This includes pipe, locator wire, small fittings, taps, risers, etc.
b. Owner will supply a warehouse or laydown yard to store project materials.

6) CONTRACT CREW & SUPERVISION REQUIREMENTS

a. Contractor must provide a permanent crew lead(s) & fuser(s) for the duration of the project.
b. Contractor is responsible for providing adequate crew staffing to complete project before the specified completion date and in accordance with Contractor-provided schedule.

7) MAP SHEET DETAILS – Service lines shown on the map sheet indicate approximate location of existing services only. Actual locations may differ.

8) MISCELLANEOUS

a. All mapping will be completed by Owner’s personnel.
b. Owner’s construction personnel shall perform all steel/welding work and live plastic retirements.
c. Contractor is responsible for calling and maintaining located and for following One Call laws.
d. Railroad and highway permits will be completed by Owner’s personnel.
e. System Operating Pressure(s):
   i. Current: 15 and 50 psig
   ii. MAOP = 60psig
f. System Materials consist of – PVC, MDPE, Aldyl-A, & Steel
g. Sewer Investigation may be required.
   i. Sewer investigations are NOT to be included in project bid.

ii. If a sewer investigation is required, Owner requests a separate invoice be provided.

9) **TRAFFIC CONTROL –** Contractor shall provide all required traffic control devices and personnel necessary for safe performance of project.

10) **EROSION CONTROL –** Contractor shall provide erosion control measures to mitigate potential storm water issues caused by run-off.

11) **SOFT SURFACE RESTORATION**
    a. Contractor is responsible for obtaining all necessary restoration materials including top soil, grass seed, etc.
    b. All restoration activities are required to be completed as soon as practicable after completion of work in an area.

12) **HARD SURFACE RESTORATION**
    a. Contractor shall be responsible for obtaining all necessary restoration materials including gravel, concrete, rebar, asphalt, etc.
    b. Gravel alleyway surfacing is to be replaced with similar material and matching thickness.
    c. Contractor is responsible for surfacing subcontractor coordination.
    d. All restoration activities are required to be completed as soon as practicable after completion of work in an area.

13) **METER TIE-OVER (ALTERNATE BID ITEM)**
    a. Contractor to install Company-supplied piping, valves, and/or meter bars
    b. Re-installation of existing meter or installation of replacement meter at Company discretion
    c. Connect customer piping to meter set
    d. Painting of meter, piping, and fittings – including downstream piping
    e. Verify or adjust regulator set pressure
    f. Perform applicable testing per State and City Code Requirements
        i. Meter motion test
        ii. Pressure testing (installed piping only & soap final connections)
    g. Schedule and perform relights
    h. Complete and submit paper order(s)

14) **OQ REQUIREMENTS –** Contractor OQ program must be sent in with bid and must be reviewed and approved by Owner before a contract will be issued.

15) **INVOICE APPROVALS –** Owner's inspector will sign off weekly on Contractor invoices for payment.

16) **T&E RATES –** Contractor shall provide price breakdown and equipment rates at time of bid submission.

EXHIBIT G
PROJECT PROPOSAL

2019 PVC Replacement Project
Montevideo, Minnesota

Scope of Work
The project includes the replacement of PVC gas mains and services with MDPE lines, tie-over of existing facilities, and removal of two (2) District Regulator Stations. All work shall be done under the direct supervision of Owner's personnel. Contractor shall conform to all Owner's duties and obligations required under this Contract and is required to adhere to all construction practices as outlined in the current revision of MDU-GPNG Gas Construction, Operations, and Maintenance Standards.

1) **GENERAL CONDITIONS**
   a. All required documentation is incidental to the retirements and replacements and shall be submitted weekly, legibly, and neatly. This documentation typically includes:
      i. Fuser Sheet
         1. Part/Material Lists – Part No./Qty/Manufacturer/Lot No./etc/
         2. DOT Information – Tester/Test Duration/Test Medium/Test Pressure/Fuser/etc.
      ii. Pipeline Inspection Report
         1. Expose pipe inspected – Type/Size/Condition/Pipe or Wire to Soil Voltage Potential/Approximate Depth/etc.
         2. Exposed Pipe Removed from Service – Size/Liquids Present/Internal Condition
   b. Any gas line tie-overs performed must have and adhere to the following:
      i. Verifiable pressure test records
      ii. Locatable
      iii. Meet proper depth & cover requirements
   c. All bores shall require documentation in a log book. At the end of the project the log book must be turned in to the MDU/GPNG Integrity Engineering Department.
   d. Any welding on steel lines will be completed by Owner's personnel.
   e. Per Contract Section 20 of the Contract, Contractor shall not subcontract its responsibilities without the written consent of Owner. Contractor shall provide a list of subcontractors to Owner prior to the start of construction.
   f. Work Schedule will be submitted and updated per Section 7 of the Contract.
      i. Estimated start date: May 1, 2019
      ii. Completion date: November 1, 2019
      iii. A preliminary schedule is to be submitted with bid. At a minimum, the schedule must include the estimated start and completion dates for each phase identified in the plan set.

2) **MAIN INSTALLATION/REPLACEMENT**
   a. Installation of approximately 31,771' of 2" MDPE, 6,084' of 4" MDPE, and 1,415' of 8" MDPE
   b. Main Tie-Over – Connections to and tie-over of plastic mains are incidental to the bid price for main installation/replacement.

c. All main-to-main connections shall be completed using full open tees. Use of high-volume tap tees shall require approval from MDU Gas Integrity Engineering Department prior to use.

3) SERVICE LINE INSTALLATION/REPLACEMENT

a. Total Service Line Count – 564 with average length of 70'
   i. Replacement - 446
   ii. Tie-Over – 118
   iii. Typical service diameter: ¾" to 1 ¼" and 2"
b. Approximate Service Footage Retirement – 39,480' of small diameter PVC or Aldyl-A.
c. All replacement and tie-over services must have an appropriately sized excess flow valve (EFV) installed as close to the main as practical. If an EFV of sufficient size is not commercially available, a curb valve shall be installed.
d. All services shall have a separate bell-hole and will come off the main at a 90º angle, unless approved by the MDU/GPNG Gas Integrity Engineering Department.

4) SYSTEM RETIREMENT

a. District Regulator Stations (DRS)
   i. Two (2) DRS shall be retired as part of this project.
   ii. All isolation valve, regulator, and relief valve operation will be performed by Owner's personnel.
   iii. Miscellaneous work associated with DRS retirements performed by Contractor (excavation, building demo, etc.) shall be paid on a T&E basis.
b. Main Retirements are incidental to bid item for installation/replacement.
   i. Retirement includes purging of gas from and sealing ends of mains.
   ii. The presence/absence of liquids is to be verified at the end of the retired system. Any liquids found are to be collected.
c. Service Retirements are incidental to bid items for installation/replacement
   i. Retirement includes purging of gas from services
   ii. Each retired service is to be cut at ground level and have an expand-o plug installed.
d. Underground Greaseable Plug Valves
   i. All greaseable plug valves are to be removed & properly handled per MDU PCB Plan.
   ii. Miscellaneous work to extract valves (additional excavation & backfill, pipe cutting, sealing pipe ends, etc.) will be incidental to "Remove Greaseable Plug Valve" bid item.

5) MATERIALS

a. All necessary building materials will be furnished by Owner. This includes pipe, locator wire, small fittings, taps, risers, etc.
b. Owner will supply a warehouse or laydown yard to store project materials.

6) CONTRACT CREW & SUPERVISION REQUIREMENTS

a. Contractor shall provide a permanent crew lead(s) & fuser(s) for the duration of the project.
b. Contractor shall be responsible for providing adequate crew staffing to complete project before the specified complete date and in accordance with contractor-provided schedule.

7) MAP SHEET DETAILS – Service lines shown on the map sheet indicate approximate location of existing services only. Actual locations may differ.

8) MISCELLANEOUS

a. All mapping will be completed by Owner's personnel.
b. Owner's construction personnel will perform all steel/welding work and live plastic retirements.
c. Contractor shall be responsible for calling and maintaining locates and for following One Call laws.
d. Railroad and highway permits will be completed by Owner's personnel.
e. System Operating Pressure(s):
    i. Current: 15 and 55 psig
    ii. Design: 30psig (MAOP – 60psig)
f. Systems Materials consist of – PVC, MDPE, Aldyl-A, & Steel.
g. Sewer Investigation may be required.
    i. Sewer Investigations are NOT to be included in project bid.
    ii. If a sewer investigation is required, Owner requests a separate invoice be provided.

9) TRAFFIC CONTROL – Contractor shall provide all required traffic control devices and personnel necessary for safe performance of project.

10) EROSION CONTROL – Contractor shall provide erosion control measures to mitigate potential storm water issues caused by run-off.

11) SOFT SURFACE RESTORATION

a. Contractor shall be responsible for obtaining all necessary restoration materials including top soil, grass seed, etc.
b. All restoration activities are required to be completed as soon as practicable after completion of work in an area.

12) HARD SURFACE RESTORATION

a. Contractor shall be responsible for obtaining all necessary restoration materials including gravel, concrete, rebar, asphalt, etc.
b. Gravel alleyway surfacing shall be replaced with similar material and matching thickness.
c. Contractor shall be responsible for surfacing subcontractor coordination.
d. All restoration activities are required to be completed as soon as practicable after completion of work in an area.

13) METER TIE-OVER (ALTERNATE BID ITEM)

a. Contractor shall install Company-supplied piping, valves, and/or meter bars
b. Re-installation of existing meter or installation of replacement meter at Company discretion
c. Connect customer piping to meter set
d. Painting of meter, piping, and fitting – including downstream piping
e. Verify or adjust regulator set pressure
f. Perform applicable testing per State and City Code Requirements
    i. Meter motion test
    ii. Pressure testing (installed piping only & soap final connections)
g. Schedule and perform relights
h. Complete and submit paper order(s)

14) **OQ REQUIREMENTS –** Contractor OQ program must be sent in with bid and must be reviewed and approved by Owner before a contract will be issued.

15) **INVOICE APPROVALS –** Owner's inspector will sign off weekly on Contractor invoices for payment.

16) **T&E RATES –** Contractor shall provide a price breakdown of labor and equipment rates at time of bid submission.

NOTE: **Prices & Classes are based upon:**
AD - 101 & DO - 205
Misc. (10%)
ES & GA - AD_107

Date: 4/23/2019
Creator: KHDC

Prices based on addendum = **C**

[TRADE SECRET BEGINS]

MAIN INSTALLATION :2019 PVC Replacement Pelican Rapids							
	Material	**quantity**	**Unit price**	**Overtime**	**Unit Price**	**Markup**	**total**
Main Replacement	PIP-PL-2-IPS	10042					
	PIP-PL-4-IPS	0					
	WI-LOC-CU#14-HMWPE	10042					
	RR X-ing (Permits/Fee/Materials)	0					
	VLV-PL-RWL-4	0					
	Working Lead -0.5 week/50 hrs	10					
	Serviceperson A - 2.5 months/50 hr wks	200					
	Engineer Assoc.- 2.5 months/40 hr wks	200					
	Construction Supv. - 2 weeks	40					
	Engineer III - 2 weeks	40					
	Arvig - Install 2" PE Gas Main	10042					
	Arvig - Install 4" PE Gas Main	0					
	Arvig - PE Valve Installation 2" or 4"	0					
	Arvig - Retest Existing Main & Svcs	0					
	Arvig - Tie Over Main	0					
	MISC - Materials, Permits, etc. (10%)	1					
	ES & GA	1					

[TRADE SECRET ENDS]

COST OF MAIN

Material	**Length (ft)**	**$/ft**	**Total**
PE Main	10042	$21.00	**$210,885.09**

[TRADE SECRET BEGINS]

SERVICE: 3/4" (P) service line install							
	Material	**quantity**	**Unit price**	**Overtime**	**Unit Price**	**Markup**	**total**
Service Replacement	PIP-PL-.75-IPS	10584					
	TEE-STELF-2X.75	147					
	EFV-PL-.75IPS	147					
	RIS-PL-.75-GROUP	147					
	Sleeve	450					
	VLV-BRLWBP-.75-175IN	147					
	WI-LOC-CU#14-HMWPE	10584					
	Working Lead - 0.5 entire week/50 hrs	10					
	Serviceperson A - 2.5 months/50 hr wks	200					
	Engineer Assoc.- 2.5 months/40 hr wks	200					
	Construction Supv. - 2 weeks	40					
	Engineer III - 2 weeks	40					
	Arvig - Install New 3/4" to 1 1/4" PE Gas Svc.	95					
	Arvig - Tie Over 3/4" to 1 1/4" PE Gas Svc.	52					
	MISC - Materials, Permits, etc. (10%)	1					
	ES & GA	1					

[TRADE SECRET ENDS]

COST OF SERVICE

Material	**Service Count**	**$/Svc**	**Total**
Service Line - Replace & Tie Over	147	$1,544.12	**$226,985.21**

NOTE: **Prices & Classes are based upon:**
AD - 101 & DO - 205
Misc. (10%)
ES & GA - AD_107

Date: 4/23/2019
Creator: KHDC

Prices based on addendum = **C**

[TRADE SECRET BEGINS]

MAIN INSTALLATION :2019 PVC Replacement Montevideo

	Material	quantity	Unit price	Overtime	Unit Price	Markup	total
Main Replacement	PIP-PL-2-IPS	31771					
	PIP-PL-4-IPS	6084					
	PIP-PL-8-IPS	1415					
	WI-LOC-CU#14-HMWPE	39270					
	RR X-ing (Permits/Fee/Materials)	0					
	VLV-PL-RWL-4	0					
	Working Lead -4 week/50 hrs	80					
	Serviceperson A & B - 10 months/50 hr wks	800					
	Engineer Assoc. A& B - 10 months/40 hr wks	800					
	Construction Supv. - 4 weeks	80					
	Engineer III - 4 weeks	80					
	Ellingson - Install 2" PE Gas Main	31771					
	Ellingson - Install 4" PE Gas Main	6084					
	Ellingson - Install 8" PE Gas Main	1415					
	Ellingson - Retest Existing Main & Svcs	0					
	Ellingson - Tie Over Main	0					
	MISC - Materials, Permits, etc. (10%)	1					
	ES & GA	1					

[TRADE SECRET ENDS]

COST OF MAIN

Material	Length (ft)	$/ft	Total
PE Main	37855	$24.21	**$916,363.63**

[TRADE SECRET BEGINS]

SERVICE: 3/4" (P) service line install

	Material	quantity	Unit price	Overtime	Unit Price	Markup	total
Service Replacement	PIP-PL-.75-IPS	39480					
	TEE-STELF-2X.75	564					
	EFV-PL-.75IPS	564					
	RIS-PL-.75-GROUP	564					
	Sleeve	1701					
	VLV-BRLWBP-.75-175IN	564					
	WI-LOC-CU#14-HMWPE	39480					
	Working Lead - 4 entire week/50 hrs	80					
	Serviceperson A & B - 10 months/50 hr wks	800					
	Engineer Assoc. A& B- 10 months/40 hr wks	800					
	Construction Supv. - 4 weeks	80					
	Engineer III - 4 weeks	80					
	Ellingson - Install New 3/4" to 1 1/4" PE Gas Svc.	446					
	Arvig - Tie Over 3/4" to 1 1/4" PE Gas Svc.	118					
	MISC - Materials, Permits, etc. (10%)	1					
	ES & GA	1					

[TRADE SECRET ENDS]

COST OF SERVICE

Material	Service Count	$/Svc	Total
Service Line - Replace & Tie Over	564	$1,715.00	**$967,258.30**

Minnesota Department of Commerce
Division of Energy Resources
Information Request

Docket Number:	G004/M-19-273	☐Nonpublic ☒Public
Requested From:	Great Plains Natural Gas Co., – Tamie Aberle	Date of Request: 7/24/2019
Type of Inquiry:	General	Response Due: 8/5/2019

Requested by: Sachin Shah/ Mark Johnson
Email Address(es): sachin.shah@state.mn.us; mark.a.johnson@state.mn.us
Phone Number(s): 651-539-1834/651-539-1824

Request Number: **4**
Topic:
Reference(s): Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., April 15, 2019 Filing.

Request:

Xcel Energy's Alternative Prorated ADIT Methodology –Docket E002/M-17-797.

A. Please separately provide revised prorated ADIT balances, resulting annual revenue requirements, and tracker true-up balances using Xcel Energy's alternative prorated methodology.

Please provide all of the above calculations', exhibits, supporting exhibits and all the data used to create them, in Microsoft Excel format (*.xlsx) with all links and formulae intact.

If this information has already been provided in the application or in response to an earlier Department information request (IR), please identify the specific cite(s) or Department IR numbers(s).

Response:

A. See Response No. 4 – Attachment A for a summary of the annual revenue requirements and ADIT balances. Page 1 compares the revenue requirement calculation as filed to the alternate ADIT method. The net effect to the revenue requirement by adjusting the methodology is a $2,212 decrease. Page 2 outlines the change to the ADIT balances for 2018, the true-up period, and 2019, the projected period. The ADIT balances for 2018 were accepted as filed in the Commission's Order in Docket No. G-004/M-18-282, dated February 12, 2019 and were based on the annual proration method. Great Plains has been advised that the method used for the projection and true up must be applied consistently. However, the information has been presented in the attachment for informational purposes only. Please see the attached Excel file Response No. 4 – Attachment B for support of the revised calculation.

To be completed by responder

Response Date: 7/30/2019
Response by: Travis Jacobson, Manager – Regulatory Affairs
Email Address: travis.jacobson@mdu.com
Phone Number: 701-222-7855

GREAT PLAINS NATURAL GAS CO.
GUIC REVENUE REQUIREMENT

	ACTUAL 2018 TRUE UP 1/		
	Alternative Monthly	**As Filed**	**Variance**
Depreciation Expense	$185,605	$185,605	$0
Ad Valorem Taxes	121,114	121,114	-
Return	373,525	374,273	(748)
Income Taxes	(124,754)	(124,826)	72
Gross up for Taxes	224,056	224,330	(274)
Total	$779,546	$780,496	($950)

	PROJECTED 2019 1/		
	Alternative Monthly	**As Filed**	**Variance**
Depreciation Expense	$259,294	$259,294	$0
Ad Valorem Taxes	167,197	167,197	-
Return	508,717	509,712	(995)
Income Taxes	(172,424)	(172,520)	96
Gross up for Taxes	307,670	308,033	(363)
Total	$1,070,454	$1,071,716	($1,262)
Total	$1,850,000	$1,852,212	($2,212)

1/ Revised to reflect alternative monthly period proration rather than annual period proration methodology.

GREAT PLAINS NATURAL GAS CO.
ADIT BALANCES - REVISED METHOLOGY VS. AS FILED

2018 TRUE UP

Alternative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mains	$56,036	$59,401	$62,660	$66,025	$69,284	$72,649	$75,908	$79,220	$82,585	$85,844	$89,209	$92,468
Services	41,507	43,574	45,575	47,642	49,643	51,710	53,711	55,745	57,812	59,813	61,880	63,883
Total	$97,543	$102,975	$108,235	$113,667	$118,927	$124,359	$129,619	$134,965	$140,397	$145,657	$151,089	$156,351

As Filed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mains	$57,474	$60,259	$62,763	$64,996	$66,947	$68,625	$70,022	$71,138	$71,982	$72,545	$72,836	$72,845
Services	42,390	44,101	45,639	47,010	48,209	49,239	50,098	50,784	51,302	51,648	51,826	51,832
Total	$99,864	$104,360	$108,402	$112,006	$115,156	$117,864	$120,120	$121,922	$123,284	$124,193	$124,662	$124,677

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mains	($1,438)	($858)	($103)	$1,029	$2,337	$4,024	$5,886	$8,082	$10,603	$13,299	$16,373	$19,623
Services	(883)	(527)	(64)	632	1,434	2,471	3,613	4,961	6,510	8,165	10,054	12,051
Total	($2,321)	($1,385)	($167)	$1,661	$3,771	$6,495	$9,499	$13,043	$17,113	$21,464	$26,427	$31,674

2019 PROJECTION

Alternative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mains	$96,285	$100,710	$104,995	$109,420	$113,705	$118,130	$122,415	$126,770	$131,195	$135,480	$139,905	$144,183
Services	66,279	69,105	71,841	74,667	77,403	80,229	82,965	85,746	88,572	91,308	94,134	96,863
Total	$162,564	$169,815	$176,836	$184,087	$191,108	$198,359	$205,380	$212,516	$219,767	$226,788	$234,039	$241,046

As Filed	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mains	$98,176	$101,839	$105,134	$108,069	$110,634	$112,841	$114,679	$116,147	$117,257	$117,997	$118,379	$118,391
Services	67,486	69,825	71,928	73,802	75,440	76,850	78,024	78,961	79,669	80,142	80,386	80,393
Total	$165,662	$171,664	$177,062	$181,871	$186,074	$189,691	$192,703	$195,108	$196,926	$198,139	$198,765	$198,784

Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mains	($1,891)	($1,129)	($139)	$1,351	$3,071	$5,289	$7,736	$10,623	$13,938	$17,483	$21,526	$25,792
Services	(1,207)	(720)	(87)	865	1,963	3,379	4,941	6,785	8,903	11,166	13,748	16,470
Total	($3,098)	($1,849)	($226)	$2,216	$5,034	$8,668	$12,677	$17,408	$22,841	$28,649	$35,274	$42,262

CERTIFICATE OF SERVICE

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, 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 Nos. **G004/M-19-273**

Dated this **13th** day of **September, 2019**.

/s/Linda Chavez

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First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	OFF_SL_19-273_M-19-273
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-273_M-19-273
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_19-273_M-19-273
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-273_M-19-273
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_19-273_M-19-273
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-273_M-19-273