

May 15, 2020

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G004/M-20-422

Dear Mr. Seuffert:

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

In the Matter Gas Utility Infrastructure Cost Adjustment Tariff True-Up Report for 2019 and Revised Adjustment Factors.

The Petition was filed on April 15, 2020 by:

Travis R. Jacobson
Director of Regulatory Affairs
Great Plains Natural Gas Co.
400 North 4th Street
Bismarck, ND 58501

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

Sincerely,

/s/ GEMMA MILTICH
Financial Analyst, CPA

GM/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G004/M-20-422

I. INTRODUCTION

On April 15, 2020, Great Plains Natural Gas Company (Great Plains or the Company) submitted a filing (Petition) requesting that the Minnesota Public Utilities Commission (Commission) approve revised adjustment factors, or rates, for the 2019 true-up of the Company's Gas Utility Infrastructure Cost (GUIC) rider tariff. Great Plains filed its Petition pursuant to Minnesota Statutes, § 216B.1635 and the Commission's November 22, 2019 *Order* in Docket No. G004/M-19-273. The Company proposes to recover a \$933,138 revenue requirement through its GUIC rider; this proposed revenue requirement resulted from the 2019 true-up of Great Plains' GUIC under/over-recovery.¹ Great Plains did not propose forecasted, future gas utility infrastructure projects in its Petition, as the Company rolled its 2020 GUIC projects and cost recovery into its interim rates, effective January 1, 2020, in the Company's most recently filed general rate case, Docket No. G004/GR-19-511.²

II. DEPARTMENT ANALYSIS

The Minnesota Department of Commerce, Division of Energy Resources (Department) reviewed Great Plains' Petition to (1) determine whether the Petition complies with applicable statutes and Commission orders and (2) evaluate the reasonableness of the Company's proposals. The following sections discuss the background of Great Plains' GUIC rider and the Department's review of the instant Petition.

A. BACKGROUND ON GREAT PLAINS' GUIC RIDER

On October 6, 2017, the Commission approved Great Plains request to established a GUIC rider under the GUIC statute, Minnesota Statutes, § 216B.1635.³ The Company's GUIC tariff is a per-dekatherm charge to ratepayers through which Great Plains recovers the cost of replacing distribution pipelines pursuant to the Pipeline and Hazardous Materials Safety Administration's (PHMSA's) regulations.⁴ Specifically, Great Plains has consistently requested approval to recover costs through its GUIC rider for projects that replace polyvinyl chloride (PVC) pipe main and service lines;⁵ these replacement projects

¹ Petition, Exhibit D, page 1.

² Petition, page 1.

³ Commission's October 6, 2017 *Order* in Docket No. G004/M-16-1066.

⁴ PHMSA sets standards governing the safety and reliability of natural gas distribution infrastructure.

⁵ Great Plains requested GUIC rider recovery for Distribution Integrity Management Program (DIMP) projects in Docket Nos. G004/M-16-1066, G004/M-17-858, G004/M-18-282, and G004/M-19-273.

fall under the Company's PHMSA-mandated Distribution Integrity Management Program (DIMP).⁶ Great Plains' GUIC rider recovery is limited to projects in the Company's Minnesota service area.

In Great Plains' most recent GUIC filing, Docket No. G004/M-19-273, the Commission approved the Company's proposal to suspend the GUIC rider adjustment rates, effective January 1, 2020, in order to move GUIC recovery out of the rider and into the interim rates of Great Plains' most recently filed rate case, Docket No. G004/GR-19-511.⁷ The purpose of suspending the rider as of the effective date of the Company's interim rates in Docket No. G004/GR-19-511 is to prevent the Company from double recovering gas utility infrastructure costs. The Commission also acknowledged that in the Company's April 2020 GUIC rider filing, Great Plains would true-up any under- or over-recovery in the GUIC tracker balance as of December 31, 2019.⁸ The instant docket addresses that true-up.

B. COMPLIANCE WITH MINNESOTA STATUTES, § 216B.1635

Minn. Stat. § 216B.1635 governs utility GUIC rider recovery and the associated filings. Exhibit A of Great Plains' Petition is a matrix with references showing where in its filing the Company included the statutorily required information. Based on our review, the Department concludes that the Company's Petition complies with the relevant specifications of Minn. Stat. § 216B.1635, which are discussed in detail in the following sections 1 – 6.

1. GUIC Rider Project Eligibility – Minnesota Statutes, § 216B.1635, Subdivision 1

Minn. Stat. § 216B.1635 allows utilities to seek rider recovery of gas utility infrastructure costs that are not included in the gas utility's rate base in its most recent general rate case, and that are incurred to replace or modify natural gas facilities as needed for government public work projects, such as road construction, or as required by federal or state agencies. Projects eligible for cost recovery through a GUIC rider are generally not those projects undertaken to increase a utility's revenues by connecting project infrastructure directly to new ratepayers or those representing a "betterment," unless required by a government entity.⁹

As described in the Petition, the Company's 2019 gas utility infrastructure project activity included the replacement of PVC pipe main and service lines throughout Minnesota;¹⁰ this description of the 2019 project activity is consistent with the gas utility infrastructure projects approved in Great Plains' prior GUIC rider filings.¹¹ Because the Company did not introduce any new or forecasted gas utility infrastructure projects in this GUIC true-up filing, the Commission does not need to make a determination in the instant docket on the GUIC rider eligibility of any forecasted gas utility infrastructure projects.

⁶ 49 Code of Federal Regulations, Part 192, Subpart P, requires gas utilities to design and maintain a DIMP.

⁷ Commission's November 22, 2019 *Order*, page 3 in Docket No. G004/M-19-273.

⁸ *Id.*, page 2.

⁹ Minn. Stat. § 216B.1635, Subdivision 1(b), (c).

¹⁰ Petition Exhibit B, pages 2 – 4.

¹¹ Great Plains requested GUIC rider recovery for DIMP-related PVC pipe main and service line replacement projects in Docket Nos. G004/M-16-1066, G004/M-17-858, G004/M-18-282, and G004/M-19-273.

2. Timing of GUIC Rider Filing – Minnesota Statutes, § 216B.1635, Subdivision 2

Great Plains filed its Petition on April 15, 2020, and requests an effective date of October 1, 2020 for the proposed adjustment rates.¹² The timing of the Company's GUIC filing and its proposed rate schedule implementation date complies with Minn. Stat. § 216B.1635, Subdivision 2, which requires that a utility's GUIC petition be filed at least 150 days before the effective date of the proposed rates.

3. Gas Infrastructure Project Plan - Minnesota Statutes, § 216B.1635, Subdivision 3

Minn. Stat. § 216B.1635, Subdivision 3 requires that any gas utility infrastructure project plan submitted under Subdivision 2 include the proposed projects' description and scope as well as the estimated costs and expected in-service dates. As noted previously, Great Plains did not introduce any new projects or forecasted costs in its current GUIC filing. Therefore, the instant Petition does not call for an evaluation of proposed future gas utility infrastructure projects. The Department notes that at pages 3 - 4 of Petition Exhibit B, the Company did provide the description, scope, actual (rather than estimated) costs, and in-service year of its 2019 GUIC projects.

4. GUIC Rider Filing Requirements – Minnesota Statutes, § 216B.1635, Subdivision 4

As stipulated by Minn. Stat. § 216B.1635, Subdivision 4 (1), the instant Petition is the first and only Great Plains GUIC rider filing thus far in 2020. In compliance with the requirements outlined in Minn. Stat. § 216B.1635, Subdivision 4, (2), (i) – (ix),¹³ Great Plains provided the following information in its Petition:

- (i) As discussed in the preceding section, the Company provided information, as applicable, under Minn. Stat. § 216B.1635, Subdivision 3.¹⁴
- (ii) The federal PHMSA is the governmental entity that mandates gas utility DIMPs, and the purpose of the DIMP-related projects included in Great Plains' GUIC rider is to replace PVC pipe main and service lines.¹⁵
- (iii) Great Plains incurred actual (rather than estimated)¹⁶ 2019 capital costs of \$2,838,661¹⁷ and did not realize any salvage value¹⁸ associated with the projects included in its GUIC rider.

¹² Petition, page 6.

¹³ The following bulleted list indicates which part, (i) – (ix), of Minnesota Statutes § 216B.1635, Subdivision 4, (2) is addressed by the information provided by Great Plains in its Petition.

¹⁴ Petition Exhibit B, pages 3 – 4 provides the description, scope, actual (rather than estimated) costs, and in-service year of Great Plains' 2019 GUIC projects.

¹⁵ Petition, pages 3 – 4.

¹⁶ Great Plains did not introduce in its Petition any proposals for new, forecasted costs associated with future projects. Therefore, the providing estimates of future project costs and salvage value is irrelevant in the instant docket.

¹⁷ Petition Exhibit B, page 4.

¹⁸ Petition, page 7.

- (iv) Petition Exhibit B, page 4 compares Great Plains' estimated and actual 2019 capital investments for the projects included in its GUIC rider; this comparison shows that actual 2019 capital costs were \$249,736 higher than the Company's initial estimates. According to Great Plains, the Company ensured that it incurred project costs reasonably and prudently by using a competitive bidding process for contracted projects as well as monitoring and determining the cause of cost variances from project budgets.¹⁹
- (v) Petition Exhibit E provides calculations showing that the proposed adjustment rates are consistent with the rate design revenue allocation approved in Great Plains' rate case in Docket No. G004/GR-15-879. The Company explained that its proposed adjustment rates are consistent with the public interest, because Great Plains prudently incurred project costs, and the projects provide safety and service reliability benefits to ratepayers.²⁰
- (vi) Great Plains did not introduce new, forecasted costs for future projects, and, therefore, the Petition did not include the magnitude and timing of known future projects that the Company could seek to recover through the GUIC rider.
- (vii) Petition Exhibit F shows that the Company's proposed revenue requirement of \$933,138 is 9.4% of the base revenue amount approved in Great Plains' general rate case in Docket No. G004/GR-15-879, exclusive of gas purchase costs and transportation charges.
- (viii) Petition Exhibit F shows that the Great Plains' 2019 actual GUIC capital expenditures of \$2,838,661 are 73.8 percent of the Company's capital expenditure amount approved in its general rate case, Docket No. G004/GR-15-879.
- (ix) The Company explained in Petition Exhibit F that its last approved general rate case was filed September 30, 2015 in Docket No. G004/GR-15-879,²¹ and the capital costs included in the instant filing were not included for recovery through that rate case.

¹⁹ Petition Exhibit B, page 3.

²⁰ Petition, page 8.

²¹ Technically, Great Plains filed its most recent rate case on September 27, 2019 in Docket No. G004/GR-19-511. However, at the time the Company filed its instant Petition, Docket No. G004/GR-15-879 represented the most recent Great Plains' general rate case in which the Commission has issued an order.

5. Prudence and Reasonableness of Costs – Minnesota Statutes, § 216B.1635, Subdivision 5

Great Plains explained that it incurred 2019 gas utility infrastructure project costs reasonably and prudently by using a competitive bidding process for contracted projects as well as monitoring and determining the cause of cost variances from project budgets.²² This explanation is consistent with that provided by the Company in its previous GUIC rider filings.²³ In Docket No. G004/M-19-273, the Company supplied the Department with details around its competitive request for proposal (RFP) bidding process, which the provided a basis for Great Plains' 2019 GUIC rider project and cost forecasts. Based on Great Plains' description of its 2019 RFP process, the Department concluded that the Company had proposed rider recovery at the "lowest reasonable and prudent cost to ratepayers," as required by Minn. Stat. § 216B.1635, Subdivision 5.²⁴

Consistent with our prior conclusion in Docket No. G004/M-19-273, the Department continues to conclude that Great Plains' use of a competitive RFP bidding process for its 2019 GUIC projects provides sufficient support for the prudence and reasonableness of the Company's gas utility infrastructure costs incurred.

6. Rate of Return – Minnesota Statutes, § 216B.1635, Subdivision 6

As required by Minn. Stat. § 216B.1635, Subdivision 6, the Company used the rate of return most recently approved by the Commission in a Great Plains general rate case to compute the proposed adjustment rates.²⁵ Specifically, Great Plains used a 7.032 percent rate of return, approved in Docket No. G004/GR-15-879, to calculate its proposed rates in the instant Petition.²⁶

C. COMPLIANCE WITH PRIOR COMMISSION ORDERS

Based on our review, the Department concludes that Great Plains' instant filing complies with prior Commission orders as required. The Department discusses the following:

- Great Plains filed its Petition on April 15, 2020 for a 2019 true-up of its GUIC rider actual costs and tracker revenues for the 12 months ending December 31, 2019; the timing of the instant filing and true-up mechanism meet the GUIC filing and true-up timing approved by the Commission in Docket No. G004/M-17-858.²⁷

²² Petition Exhibit B, page 3.

²³ Page 3 of Exhibit B in Great Plains' initial filings in Docket Nos. G004/M-16-1066 (December 21, 2016), G004/M-18-282 (April 13, 2018), and G004/M-19-273 (April 15, 2019) provides the same explanation to support of the prudence and reasonableness the Company's project costs included in its GUIC rider.

²⁴ Department's September 13, 2019 Comments in Docket No. G004/M-19-273, pages 11 – 12.

²⁵ At the time Great Plains filed the instant Petition, the Commission had not yet issued an order for the Company's rate case in Docket No. G004/GR-19-511.

²⁶ Petition Exhibit D, pages 3, 4, and 13.

²⁷ Commission's March 21, 2018 *Order* in Docket No. G004/M-17-858.

- In Docket No. G004/M-18-282, the Commission required that Great Plains include in its future GUIC filings the Company's excess Accumulated Deferred Income Taxes (ADIT) balance and any corresponding amortization of the excess ADIT to be refunded to customers.²⁸ The Company explained in its Petition that it "recalculated...ADIT for its existing GUIC assets as of December 31, 2019, 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/CI-17-895."²⁹ In response to Department information request (IR) 9, Great Plains disclosed that the Company had an excess ADIT balance of \$28,985 in the GUIC as of December 31, 2019.³⁰
- The Commission ordered in Docket No. G004/M-19-273 that Great Plains suspend its GUIC rider coincident with the January 1, 2020 effective date for the Company's interim rates in the general rate case proceeding under Docket No. G004/GR-19-511.³¹ The instant filing demonstrates that Great Plains suspended its GUIC rider collections as previously approved.

D. DEPARTMENT ANALYSIS OF GREAT PLAINS' CURRENT GUIC RIDER RECOVERY PROPOSALS

Great Plains proposes in the instant Petition to recover through its GUIC rider a revenue requirement of \$933,138, which reflects the under-recovered balance in the Company's GUIC tracker as of December 31, 2019. The following table summarizes the calculation of the GUIC tracker true-up:

Table 1: Great Plains' 2019 GUIC True-Up³²

Under/(Over)-Recovery at 12/31/2018	\$605,049
Actual Revenue Requirement for 2019	\$1,089,332 ³³
Actual GUIC Rider Recovery 1/1/2019 – 12/31/2019	<u>(\$761,243)</u>
<i>Total Under-Recovery at 12/31/2019</i>	<u>\$933,138</u>

In order to recover the proposed \$933,138 revenue requirement shown in the preceding Table 1, Great Plains requests Commission approval of new adjustment rates for the Company's GUIC tariff. These new rates are summarized in the following table:

²⁸ Commission's February 12, 2019 *Order* in Docket No. G004/M-18-282.

²⁹ Petition, page 7.

³⁰ Department Attachment 4.

³¹ Commission's November 22, 2019 *Order* in Docket No. G004/M-19-273.

³² Data in Table 1 retrieved from Petition Exhibit D, page 1.

³³ The Department confirmed with Great Plains that the correct dollar amount for the Company's actual 2019 GUIC revenue requirement is \$1,089,332, as shown in Petition Exhibit D, rather than the \$1,089,511 figure shown on the first page of the introductory letter in the Petition.

Table 2: Great Plains’ Current and Proposed GUIC Adjustment Rates³⁴

Ratepayer Class	Proposed Adjustment Rate per Dk
Sales – Residential	\$0.3041
Sales – Firm General	\$0.1803
Sales – Small Interruptible	\$0.1788
Sales – Large Interruptible	\$0.0975
Transportation – Small Interruptible	\$0.0350
Transportation – Large Interruptible	\$0.0865

Because the Company suspended its GUIC rider coincident with the implementation of its interim rates on January 1, 2020, there are no currently approved GUIC rider adjustment rates for Great Plains. For this reason, Table 2 does not include a comparison between the currently approved and proposed adjustment rates.

If the Commission approves the revenue requirement and tariff changes proposed in the instant Petition, Great Plains proposes to notify its customers about newly authorized GUIC adjustment rates with the bill insert information provided in Petition Exhibit G.

1. 2019 GUIC True-up

Great Plains’ actual 2019 capital costs and revenue requirement associated with its GUIC rider are both higher than the Company’s 2019 projections outlined in Docket No. G004/M-19-273. These variances are detailed in the following table:

Table 3: Capital Cost and Revenue Requirement Differences between Great Plains’ 2019 GUIC Projections and Actuals

Financial Item	2019 Actual (A)	2019 Projected (B)	Dollar Difference (A - B) = C	Percentage Difference (C / B)
Capital Costs ³⁵	\$2,838,661	\$2,588,925	\$249,736	9.6%
Revenue Requirement	\$1,089,332 ³⁶	\$1,071,716 ³⁷	\$17,616	1.6%

Table 3 shows that Great Plains’ actual 2019 capital project costs included in the GUIC rider exceeded the Company’s initial 2019 estimates by nearly 10 percent. In response to Department IR 2, Great Plains provided a corrected comparison of the actual and estimated number of 2019 pipe main and service line replacements. This corrected comparison shows that Great Plains replaced 11,990 (24.3

³⁴ Data in Table 2 retrieved from Petition Exhibit C.

³⁵ Data in the “Capital Costs” row of Table 3 retrieved from Petition Exhibit B, page 4.

³⁶ Petition Exhibit D, page 1.

³⁷ Exhibit D, page 1 of Great Plains’ April 15, 2019 initial filing in Docket No. G004/M-19-273.

percent) more feet of pipe main during 2019 than originally forecasted. The Company explained that it executed these additional pipe replacements in conjunction with government public works projects on water and sewer lines, and, because working on pipelines concurrently with certain government public works projects can sometimes yield cost savings for utility projects, Great Plains used these opportunities to cost effectively move its PVC replacement project forward.³⁸ As indicated in response to Department IR 3, the Company primarily attributes the difference between its 2019 actual and estimated capital costs to the additional mains replaced in 2019 and higher-than-expected costs incurred for required sewer line camera inspections and restoration.³⁹ The Department concludes that Great Plains provided reasonable explanations for the difference between its actual and estimated 2019 GUIC project capital costs.

Table 3 also shows that the Company's actual 2019 GUIC revenue requirement was slightly higher than the forecasted 2019 revenue requirement. In comparing Great Plains' estimated and actual GUIC 2019 revenue requirement calculations, the Department noted that each revenue requirement component, including the applicable depreciation expense, ad valorem taxes, return, income taxes, and gross up for taxes, was slightly larger for the 2019 actuals than for the 2019 forecasts.⁴⁰ Since Great Plains invested more capital and placed more new pipe mains into service in 2019 than initially expected, it is logical that the corresponding pipeline infrastructure depreciation expense, ad valorem taxes, return, and income taxes⁴¹ would increase as well. The Department concludes that the difference between Great Plains' actual and estimated 2019 GUIC revenue requirement is reasonable.

Petition Exhibit D provides schedules and calculations that support the 2019 GUIC revenue requirement true-up. The Department examined these Exhibit D supporting schedules in Microsoft Excel format, with all formulas intact. Based on our review of the Company's data, the Department concludes that the underlying schedules and calculations shown in Exhibit D are mathematically correct and reasonably support the \$933,138 revenue requirement resulting from the Company's 2019 GUIC true-up.

The Department recommends that the Commission approve the \$933,138 proposed revenue requirement resulting from Great Plains' 2019 GUIC true-up.

2. Calculation of Proposed Adjustment Rates

The Department examined Petition Exhibit E, which provides the supporting calculations for the Company's proposed adjustment rates by customer class. Consistent with its prior GUIC rider filings, Great Plains factored the rate class revenue allocation approved in Docket No. G004/GR-15-879 and projected dekatherm sales into its calculation of the proposed GUIC adjustment rates. To demonstrate that the projected dekatherm sales assumptions in Petition Exhibit E are reasonable, Great Plains

³⁸ Department Attachment 1.

³⁹ Department Attachment 2.

⁴⁰ 2019 revenue requirement calculations shown in Petition Exhibit D, page 2 (actual) and Great Plains' initial filing in Docket No. G004/M-19-273, Exhibit D, page 2 (projected).

⁴¹ Earning a greater amount of return corresponds to a higher income amount, which in turn corresponds to an increased income tax amount.

responded to Department IR 8 by explaining that the sales “volume information was developed internally by the gas supply department using a regression analysis based on average historical customer usage and the estimated number of customers.”⁴² Based on our review of the information provided by Great Plains, the Department concludes that the adjustment rate calculations are mathematically accurate and that the revenue allocation and dekatherm sales assumptions underlying the proposed GUIC adjustment rates are reasonable. The Department recommends that the Commission approve Great Plains’ proposed GUIC adjustment rates.

3. Customer Notification

Great Plains proposes to include as a bill insert the customer notification shown in Petition Exhibit G. The proposed language in this notice is consistent with that most recently approved to be used by the Company as a bill insert to inform ratepayers about changes to the GUIC adjustment rates.⁴³ The Department concludes that the language in the Company’s proposed customer notice, as outlined in Petition Exhibit G, is reasonable, and we recommend that the Commission approve Great Plains’ proposed language for the relevant customer bill insert.

III. CONCLUSION AND RECOMMENDATIONS

Based on our review, the Department concludes that Great Plains’ Petition complies with the applicable statutes and Commission orders, and that the Company’s GUIC proposals in the instant docket are reasonable. Therefore, the Department recommends that the Commission take the following action:

- Find that Great Plains’ Petition complies with Minnesota Statutes, § 216B.1635.
- Approve Great Plains’ 2019 GUIC true-up and the resulting revenue requirement of \$933,138.
- Approve Great Plains’ proposed GUIC adjustment rates, effective October 1, 2020.
- Within 10 days of the Commission’s order in the instant docket, require that Great Plains submit a compliance filing that includes (1) the GUIC tariff sheet, updated with the newly authorized adjustment rates and their approved effective date and (2) the final version of the GUIC customer notice that Great Plains plans to include as a bill insert following Commission approval of new GUIC adjustment rates.

/ar

⁴² Department Attachment 3.

⁴³ Comparing the currently proposed customer notice in Petition Exhibit G to the previously approved customer notice in Exhibit G of the Company’s initial filing in Docket No. G004/M-18-282 shows that the currently proposed language is nearly identical to that approved in Docket No. G004/M-18-282.



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

Docket Number: G004/M-20-422 Nonpublic Public
Requested From: Great Plains Natural Gas Company Date of Request: 4/28/2020
Type of Inquiry: Financial Response Due: 5/8/2020

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

Requested By: Gemma Miltich
Email Address(es): gemma.miltich@state.mn.us
Phone Number(s): 651-539-1819

ADDITIONAL INSTRUCTIONS:

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

Request Number: 2

Topic: Mains and services actual replacement rate for 2019.
Reference(s): Exhibit B of Great Plains' initial filing, page 4.

Request:

Please describe the primary factors that contributed to Great Plains replacing 20.9% more mains and 59% more services in 2019 than was initially predicted by the Company.

Response:

The 2019 Estimated as Filed column for Mains (Feet) and Number of Services in the table in Exhibit B, page 4 was incorrect. Please see the revised table below.

To be completed by responder

Response Date: 5/8/2020
Response by: Travis Jacobson
Email Address: travis.jacobson@mdu.com
Phone Number: 701 222-7855

Department Attachment 1
Docket No. G004/M-20-422
Page 2 of 2

	2019 Actual	2019 Estimated As Filed	Variance	% Footage Variance
Mains (feet)	61,302	49,312	11,990	24.31%
Number of Services	698	711	(13)	-1.83%

With the estimated feet of mains and number of services corrected, the number of services replaced matches the estimate very closely.

The additional feet of mains replaced compared to the estimate was due mainly to the additional PVC projects outside of the initial scope of work. These additional projects were completed due to other city/state work sewer or water line work being performed which allowed Great Plains to complete these replacements in conjunction with those projects. This helps reduce the cost of the projects due to the work already being performed.

To be completed by responder

Response Date: 5/8/2020
Response by: Travis Jacobson
Email Address: travis.jacobson@mdu.com
Phone Number: 701 222-7855



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

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Requested From: Great Plains Natural Gas Company Date of Request: 4/28/2020
Type of Inquiry: Financial Response Due: 5/8/2020

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

Requested By: Gemma Miltich
Email Address(es): gemma.miltich@state.mn.us
Phone Number(s): 651-539-1819

ADDITIONAL INSTRUCTIONS:

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

Request Number: 3

Topic: Causes of variance between 2019 estimated and actual costs.
Reference(s): Exhibit B of Great Plains' initial filing, page 4.

Request:

Other than the larger-than-expected number of mains and service replacements in 2019, were there any additional cost drivers that contributed to the variance between the 2019 estimated and 2019 actual GUIC costs? If so, please describe those cost drivers.

Response:

The main driver of the cost variance for mains was the additional mains replacement projects which had not been included in the planned 2019 projects. The service line replacements had higher than estimated sewer line camera inspection costs and restoration costs.

To be completed by responder

Response Date: 5/8/2020
Response by: Travis Jacobson
Email Address: travis.jacobson@mdu.com
Phone Number: 701 222-7855



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Requested By: Gemma Miltich
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Phone Number(s): 651-539-1819

ADDITIONAL INSTRUCTIONS:

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Request Number: 8

Topic: Projected sales in dekatherms (Dk).
Reference(s): Exhibit E of Great Plains' initial filing.

Request:

Please explain the methodology that Great Plains used to arrive at the projected sales in Dk shown in the column labeled "Projected Dk" of Exhibit E. This explanation should include information that supports the reasonableness of these projected Dk sale assumptions.

Response:

See the Excel file in Response No. 6 - Attachment A. The volume information was developed internally by the gas supply department using a regression analysis based on average historical customer usage and the estimated number of customers. Gas Supply is responsible for procuring natural gas for Great Plains' customers and relies on the volume information as a part of that process.

To be completed by responder

Response Date: 5/8/2020
Response by: Travis Jacobson
Email Address: travis.jacobson@mdu.com
Phone Number: 701 222-7855



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Request Number: 9

Topic: Excess ADIT amount.
Reference(s): Great Plains' initial filing, page 7.

Request:

Great Plains stated that "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,G999/CI-17-895."

Please provide the current dollar amount of the Company's excess ADIT balance relevant to the above quote.

Response:

Great Plains' excess ADIT balance for assets placed in service during 2016 and 2017 and included in the GUIC as of December 31, 2019 totaled (\$28,985).

To be completed by responder

Response Date: 5/8/2020
Response by: Travis Jacobson
Email Address: travis.jacobson@mdu.com
Phone Number: 701 222-7855

CERTIFICATE OF SERVICE

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

Minnesota Department of Commerce
Comments

Docket No. Goo4/M-20-422

Dated this **15th** day of **May 2020**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-422_M-20-422
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-422_M-20-422
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St Bismarck, ND 58501	Electronic Service	Yes	OFF_SL_20-422_M-20-422
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_20-422_M-20-422
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-422_M-20-422
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-422_M-20-422