



November 16, 2021

Via Electronic Filing

John Kundert
Minnesota Department of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101

Re: Docket 21-693, information requests 1-9

Dear Mr. Kundert:

Herein and enclosed, please find responses to information requests 1 through 9 on docket 21-693.

Request 1, Items 1-2: A copy of the tariff book is included with this response. Paul Bunyan Natural Gas (PBNG) does not discriminate between in-muni/out-muni customers; the tariff book applies equally to all.

Request 1, Item 3-7: PBNG's cold weather disconnection notice is included within the tariff book, and it was enclosed with the September 21, 2021 bills. We also include the notice with all new customer packets mailed. No customers have been disconnected for non-payment since service initiated, and thus no notices have been provided to the City.

Request 2: Emergency response is handled by employees of PBNG's owner/affiliated companies and billed to PBNG at cost. An emergency on-call rotation is maintained, and all calls to PBNG's 24/7 emergency number are routed to an on-call employee. Although PBNG has no employees based in Walker, these technicians are regularly in Walker for construction and routine maintenance, and are otherwise located within an hour's drive of Walker.

Requests 3-5: Since the market forces at work are vastly different than those affecting large natural gas utilities, PBNG does not set rates by the same methods as those large utilities. PBNG is currently charging the pro forma rates communicated to the City of Walker at the time the franchise was granted. Prior to construction, PBNG's owner companies evaluated the venture using a pro-forma cashflow model which calculated a capital recovery factor. Demand forecast and rates charged to customers were key inputs to this model. Demand forecast included expected numbers of customers in each rate class (determined through a driving survey of the town and surrounding area) and estimated usage by rate class (determined by reviewing typical historical usage observed for different rate classes on other systems operated by the owner companies). The customer rates in the cashflow model were selected based on what the owners expected the market to allow, influenced primarily by the local

propane market, with the goal of establishing rates low enough to provide a financial incentive for potential customers to convert to natural gas. Other inputs included estimated initial investment and ongoing operating costs. The calculated capital recovery factor was compared to the CRF required to achieve the owner companies' target rate of return. As the system grows, PBNG will review rates with the Walker City Council to identify adjustments that should be made to allow PBNG to continue providing low energy costs to customers while still earning a reasonable rate of return.

Request 6: The name, addresses and phone number noted in the information request are correct for the company; however, communications from the Public Utilities Commission and Department of Commerce should also be addressed to Rachel Sorrentino at 801 Twelve Oaks Center Dr, suite 815B, Wayzata, MN 55391 and rachel@nwgas.com. Rachel Sorrentino is the person responsible for this filing. The company does not have in-house counsel and does not retain the services of a specific attorney.

Request 7: Gas cost is the same across all customer classes; it's a pass-through cost that's determined by dividing the total cost of the purchased gas (FOB the custody transfer point) by the quantity (Dth) of gas delivered for that month.

Request 8: A sample monthly residential bill is included in the tariff book, and an example for each customer class is included with this response.

Request 9: PBNG does not maintain a log of customer complaints received; rather, we work directly with our customers to resolve any complaints as they arise. Some questions and complaints have come up since the system began operation, but all have been resolved. We do not know of any unresolved complaints.

Thank You,



Rachel Sorrentino
Paul Bunyan Natural Gas