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October 18, 2020

VIA ELECTRONIC FILING

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

RE: Petition for Change in Contract Demand Entitlement
Docket No. G022/M-20-391

Dear Mr. Seuffert:

Greater Minnesota Gas, Inc. ("GMG") filed its Petition for Approval of a Change in Contract Demand Entitlement on March 30, 2020. The Minnesota Department of Commerce, Division of Energy Resources ("the Department") filed its Comments on October 8, 2020. This letter serves as GMG's Reply in lieu of filing Reply Comments.

GMG appreciates the Department's Comments and its recommendation that the Commission approve its request and that it be allowed to recover the associated costs. In its Comments, the Department expressed concern about the level of GMG's available reserve margin requested that GMG consider purchasing additional entitlements or provide additional discussion regarding its customer additions. While GMG understands the Department's rationale, GMG is confident that it has adequate capacity for the current heating season. Nonetheless, GMG did investigate securing additional capacity pursuant to the Department's recommendation but was advised that there is no permanent FT capacity available from Northern Natural Gas for the upcoming heating season.

As noted in its Petition and in the Department's Comment, GMG projected the addition of 665 firm customers in calculating its demand entitlement needs. That calculation was based on planned installation of main in several new developments in GMG's southern service area where substantial new home construction was planned for 2020. However, new home development was, in many ways, a casualty of the Coronavirus pandemic and it slowed considerably. GMG only had 337 new customer additions as of October 7, 2020, representing just 51% of its forecasted additions for the year. Based on GMG's discussions with the development builders, it does not anticipate adding more than approximately 100 additional customers before the end of the heating season. The builders have indicated that there will not be any significant new construction until well into 2021 at the earliest.



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The Department also raised concerns about GMG's use of a per customer calculation based on the 2019-2020 heating season rather than using a use per customer calculation based on the all-time peak day in 2019. GMG notes that its decision to do so was predicated on the composition of its recent firm customer additions. The majority of GMG's firm customer additions in 2019 and 2020 is comprised of residential and small commercial customers that historically use less than one dekatherm per day on a peak day. GMG elected to use its calculation method to balance actual likely customer needs against the cost of carrying more reserve than necessary.

While GMG does not anticipate any problems with its current reserve margin, GMG is sensitive to the Department's concerns about its reserve. Ergo, GMG will monitor its customer usage during the heating season and will also watch for additional capacity. Should appropriate capacity become available that GMG is able to acquire, it will do so and will file the appropriate notification.

GMG appreciates the Department's recommendations and input; and, GMG respectfully requests that the Commission consider the instant docket at its earliest convenience. Please do not hesitate to contact me should there be any questions or concerns.

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/

Kristine A. Anderson
Corporate Attorney

cc: Service List

CERTIFICATE OF SERVICE

I, Kristine Anderson, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated on the attached list by electronic filing, electronic mail, or by depositing the same enveloped with postage paid in the United States Mail at Faribault, Minnesota:

**Greater Minnesota Gas, Inc.'s Letter in Lieu of Reply Comments
Docket No. G022/M-20-391**

filed this 18th day of October, 2020.

/s/ Kristine A. Anderson
Kristine A. Anderson, Esq.
Corporate Attorney
Greater Minnesota Gas, Inc.

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Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-391_M-20-391
Cody	Chilson	cchilson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-391_M-20-391
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_20-391_M-20-391
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_20-391_M-20-391
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_20-391_M-20-391
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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_20-391_M-20-391
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_20-391_M-20-391