

## Staff Briefing Papers

Meeting Date	March 11, 2021	Agenda Item 1*
Company	Greater Minnesota Gas, Inc.	
Docket No.	<b>G022/M-20-391</b>	
	<b>In the Matter of Greater Minnesota Gas, Inc.'s Petition for Change in Contract Demand Entitlement for the 2020-2021 Heating Season</b>	
Issues	Should the Commission approve Greater Minnesota Gas, Inc.'s (GMG or the Company) proposed Change in Contract Demand Entitlement capacity and its Design Day and Reserve Margin Requirements for the 2020 – 2021 heating season effective April 1, 2020?	
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### Relevant Documents

### Date

Greater Minnesota Gas – Initial Filing	03/30/2020
Department of Commerce - Comments	10/08/2020
Greater Minnesota Gas – Reply Comments	10/19/2020
Department of Commerce – Response Letter	12/22/2020
Greater Minnesota Gas – Letter to Clarify	01/06/2021

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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## **I. Statement of the Issues**

Should the Commission approve Greater Minnesota Gas, Inc.'s proposed Change in Contract Demand Entitlement capacity and its Design Day and Reserve Margin Requirements for the 2020 – 2021 heating season effective April 1, 2020?

## **II. Introduction**

Greater Minnesota Gas, Inc., (GMG or Company) is a natural gas distribution company (LDC), which executes interstate pipeline contracts to provide natural gas services to its customers. GMG annually reviews and updates these contracts to ensure continued system reliability of firm natural gas supply deliveries to its customers.

## **III. Background**

On March 30, 2020, GMG filed a Petition with the Minnesota Public Utilities Commission (Commission) for approval of a Change in Contract Demand Entitlement for the 2020 – 2021 Heating Season.

On October 8, 2020, the Minnesota Department of Commerce, Division of Energy Resources (the Department) submitted its comments. The Department reviewed GMG's petition to determine whether the Company's proposals complied with all applicable statutes, rules and Commission orders; and to evaluate the reasonableness of the Company's proposed Change in Contract Demand Entitlement capacity and its Design Day and Reserve Margin Requirements. In its recommendation, the Department recommended approval of GMG's petition, requested additional information, and recommended GMG consider purchasing additional pipeline entitlement in preparation for the upcoming heating season or explain why it should not do so.

On October 19, 2020, GMG submitted its reply to the Department's comments, noted that the Department expressed concern about the level of GMG's available reserve margin and requested that GMG consider purchasing additional entitlements or provide additional discussion regarding its customer additions. GMG asserted, however, that it is confident that it has adequate capacity for the current heating season. Its confidence notwithstanding, GMG stated that it investigated securing additional capacity pursuant to the Department's recommendation but was advised that there is no permanent firm transportation capacity from Northern Natural Gas for the upcoming heating season.

GMG also noted the Department concerns about its 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 stated that its decision to do so was predicated on the composition of its recent firm customer additions.

On December 22, 2020, the Department submitted its letter commenting on GMG reply comments and on January 5, 2021, GMG submitted its letter in response to the Department.

#### IV. Parties' Comments

##### A. Greater Minnesota Gas - Initial Petition

Greater Minnesota Gas stated that its submission of this petition was to notify the Commission of a change in contract demand entitlement for the 2020-2021 heating season. GMG said that it plans to include the rate impact of these changes in its Purchased Gas Adjustments (PGA) effective April 1, 2020.

Per Minnesota Rule 7825.2910 Subp. 2, GMG is required to assess four areas when requesting a change in demand entitlement:

The factors contributing to the need for changing demand; GMG's design day demand analysis; a summary of GMG's customer' winter and summer usage for all customer classes; and a description of GMG's design day gas supply from all sources under its proposed level.

GMG addressed each of the requisite areas based on its analysis of its current customer usage and patterns, the impact of its current and anticipated growth on the upcoming heating season and its forecast of the size and expected load of new and recently acquired customers.

The Company noted that its needs for the 2020-2021 heating season are based on its projected demand requirements and its portfolio changes; using a combination of analytical tools to balance the competing components of maintaining a sufficient reserve and maintaining reasonable customer rates.<sup>1</sup> GMG asserted that by:

combining statistical regression analysis based on its existing customer data, a separate mathematical analysis, projected growth information, and budget year analysis, GMG's current proposed demand entitlement is again soundly supported by its supporting data.<sup>2</sup>

**Table 1: GMG requested adjustment of its total demand entitlement is as follows:**

Entitlement for 2019-2020 (Dth)	Proposed Entitlement for 2020-2021 (Dth)	Entitlement Change (Dth)	% Change From Previous Year
15,275	15,608	333	2.18%

##### 1. GMG's Proposed Demand Entitlement Reflects Growth in Its Portfolio and Anticipated Customer Needs

GM stated that it is requesting a small increase in demand entitlement to enable it to continue to provide sufficient reserve to meet its customers' needs. The Company noted that the Commission has approved higher reserve margins based on the totality of the circumstances. It

<sup>1</sup> GMG generally relied on three years of data, adjusted as indicated herein, in a separated regression analysis as part of the modeling and analysis underpinning the instant Petition. GMG Petition, p. 2.

<sup>2</sup> Ibid

concurred that maintaining its reserve margin at a conservative level continues to be prudent. At the time of this filing, the Company stated that:

GMG recognizes that its ratepayers are facing particularly uncertain and challenging times. GMG has once again utilized its portfolio in a manner that allows its reserve margin to be maintained without undue cost burdening its ratepayers, as well as allowing it to leverage proactive opportunities to protect its ratepayers in the long-term. Hence, GMG is proposing a slightly smaller reserve margin this year. GMG's proposed demand entitlement results in a nominal decrease in demand costs and, thus, in customer rates; but the impact is not substantial on individual customers. GMG's proposed reserve margin for the upcoming heating season is 3.65%; and, as further explained herein, it provides additional long-term stability for GMG's customers.<sup>3</sup>

**Table 2: Summary of GMG's Design Day and Reserve Calculations<sup>4</sup>**

<b>Planned Customer Base for 2020-2021 Heating Season</b>	
Design Day Requirement (Attachment A, Page 2 of 3, line 10)	15,059
Reserve Margin of 3.65%	549
Design Day Requirement With 3.65% Reserve Margin	15,608

## 2. GMG's Design Day Analysis Ensures Viable Forecasting Given Available Customer Data and Appropriate Predictive Information

Consistent with previous Commission directives and Department requests, GMG asserted that it employed both a regression model separating residential and commercial customers' needs and a mathematical model in its design day analysis. GMG stated that it incorporated three years of heating season data into its regression analysis.<sup>5</sup>

### *Statistical Regression Analysis Based on Historic Data*

For GMG's statistical modeling, it stated that an ordinary least square regression analysis methodology is used to predict peak day demand, as it has done for several years. The Company further stated that its regression analysis is predicated on a 90 heating degree day as its basis, based on an average design day temperature of -25°F. GMG's design day forecast for its existing customers for the 2020-2021 heating season is based on 15,059 Dth, which is an increase of 815 Dth from GMG's 2019-2020 design day requirements. The derivation of the

<sup>3</sup> GMG's Petition, p. 6.

<sup>4</sup> Ibid

<sup>5</sup> GMG did not incorporate November usage data into its regression analysis in order to provide the most meaningful result for purposes of predictive demand entitlement modeling. GMG has a substantial amount of grain drying use in November and the grain drying load is unpredictable from year to year. Incorporating the grain drying load into its regression would skew the analysis in such a way that it would result in modeling suggesting that a much higher entitlement and reserve would be necessary to protect customers throughout the heating season.

separate class regression design day forecasts can be seen in the Company's Attachment A, Pages 3 and 4 of 7.

GMG stated that, as its prior demand entitlement submissions have demonstrated, its Design Day modeling is appropriate. GMG said that:

when GMG brings natural gas to a previously unserved area, many new customers ultimately avail themselves of the benefits that come with converting to gas use. Hence, sometimes actual throughput exceeds forecasted needs. However, when weather is unseasonably warm and/or propane prices are low, both of which occurred during some recent heating seasons, new customers wait longer to convert to natural gas usage. Conversely, when the weather is very cold, such as during early 2019, customer usage patterns can be erratic and may vary from traditional usage patterns. Since such anomalies are unpredictable, they, too, can impact actual throughput. Such phenomena support GMG's continued use of its proven approach.

Based on recommendations from the Department, GMG also used a separate mathematical analysis based on actual throughput as a separate modeling tool for a second stage in its design day analysis. GMG further resolved that the mathematical analysis based on empirical data from the last heating season and regression models that factor in weather conditions and customer use patterns support GMG's proposed contract demand entitlement.

### 3. The Summary of Winter Versus Summer Usage for All GMG Customer Classes

A summary of GMG's customer usage for both the winter and summer seasons is provide below in Table 3 by customer class, based on usage for the twelve-month period that ended December 31, 2019.<sup>6</sup>

**Table 3: Seasonal Customer Usage by Class (Dth)**

	Winter	Summer	Total
Residential – Firm	620,852	194,284	815,136
Commercial – Firm	36,755	10,734	47,489
Industrial – Firm	305,497	132,661	438,158
Flexible Rate - Firm			
Total Firm	963,104	337,679	1,300,783
Agricultural – Interruptible	159,850	30,527	190,377
Industrial – Interruptible	39,113	80,457	119,570
Flexible Rate - Interruptible			
Total Interruptible	39,113	80,457	119,570

<sup>6</sup> GMG notes that some previous demand entitlement dockets filed during the second half of the year incorporated data for the twelve-month period ending June 30th of the filing year. However, in keeping with its recent practice, since this Petition is being submitted prior to June 30th, GMG utilized seasonal customer usage data for the 2019 calendar year.

	Winter	Summer	Total
Total	1,162,067	448,663	1,610,730

GMG stated that its contract arrangements secure supply for both the summer months and the winter months to sufficiently serve its firm customer based throughout the year.

#### 4. The Anticipated Design Day Gas Supply is in the Best Interest of Ratepayers

The Company stated that to assure it can meet all of its customer's needs throughout the year, its proposal provides a balanced portfolio based on GMG's integrated system. As such, it has secured a variety of gas supply sources and additional suitable long-term capacity from Northern Natural Gas at a cost-effective rate.<sup>7</sup>

In view of its analysis and presentation in this petition, GMG stated that it respectfully requests that the Commission approve its Petition for Change in Contract Demand Entitlement for the 2020-2021 Heating Season, as well as inclusion of the associated demand entitlement costs through the monthly Purchased Gas Adjustment (PGA).

### B. Minnesota Department of Commerce - Comments

The Department stated that GMG did not procure capacity specifically for non-peak periods, but observed that the TF-12 contract that GMG added is a 12-month contract, which means that the volumes are available for the entire calendar year.

The Department observed that GMG's proposal would decrease demand rates for residential heating customers by \$2.68 for customers using 80 Dth per year.

#### 1. Proposed Overall Demand Entitlement Level

The Department referenced GMG's proposed increase presented in Table 1. It analyzed the proposed changes, the proposed design-day requirement and the proposed reserve margin; and concluded that the Company's proposed recovery of overall demand cost is reasonable, as the entitlement levels are needed to serve the firm customers. The Department however expressed concerns with GMG's design-day estimate, which may require the procurement of additional capacity.

#### 2. Design-Day Requirement

The Department noted that in past demand entitlement filings, GMG employed a two-part design-day process to calculate its peak-day send-out, using an Ordinary Least Squares (OLS) regression model and a mathematical model per the Department's recommendation. Additionally, the Department asserted in its recommendation that the two-part design-day process involving both regression analysis and a mathematical analysis be based on the

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<sup>7</sup> GMG Attachments B and C

Company's historical all-time peak-day send-out, until such time that Greater Minnesota Gas has sufficient historical load data.

The Department stated that on June 13, 2020, the Commission issued its Order for the 2019-2020 heating season demand entitlement filing (Docket No. G022/M-19-318). Included in the Order, the Commission required the Company to provide the following in future demand entitlement filings related to the design-day analysis:<sup>8</sup>

- a. Perform separate regression analyses by service area, using area specific weather stations, as soon as there is sufficient consumption and customer data for the results to be relied upon.
- b. Estimate its design day using data from at least three heating seasons when appropriate. If the results of these calculations are not acceptable, the Company shall fully explain its decision to use a shorter estimation period in its initial filing.
- c. Maintain, on a going-forward basis, a two-part design-day process involving both regression analysis and mathematical analysis based on its historical all-time peak-day send-out.

According to the Department, the Company satisfied the regression-related ordering points in the Commission's Order in Docket No. G022/M-19-318. Greater Minnesota Gas based its design-day analysis on a two-stage process, similar to what was employed in last year's filing.

The Department affirmed that GMG relied on an aggregation of its three separate regional models and its residential and commercial regression models as a basis for its design day. The results of the regression-based design day analyses and the mathematical analysis were essentially equal – 15,059 Dth and 15,056 Dth, respectively.<sup>9</sup>

Upon review of the data and approach used by GMG, the Department stated that it does not oppose it at this time, since the regional and service models resulted in similar outputs. The Department noted that this method is used by most other natural gas utilities in the State. The Department also noted that the results of the Company's North Model (i.e., negative baseload), and the small amount of consumption in the North and Central regions relative to the South region, may contribute to a degree of volatility in these results. As such, the Department requested that the Company continue analyzing both sets of models– those that use Minneapolis-St. Paul weather and those that use geographically specific weather – in future demand entitlement filings.

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<sup>8</sup> Ordering Point No. 3, January 13, 2020 Order, Docket No. G022/M-19-318.

<sup>9</sup> Petition, Page 6 and Attachment A, page 2 of 8.



With regards to the final design-day estimate, the Department agreed with the use of the residential and commercial models that rely on Minneapolis-St. Paul weather for estimating the design-day as those models exhibited a stronger goodness of fit when compared to the geographically separate models that relied on different weather station data.<sup>10</sup>

The Department compared forecasted customer additions from last year's demand entitlement filing to actual customer additions provided in this demand entitlement to determine whether GMG's projected customer additions are reasonable. Additionally, the Department analyzed the Company's recent customer count forecasts in previous demand entitlement filings and did not observe a bias toward over- or under-forecasting firm customer additions. Given that the forecasted customer growth is similar to what has occurred over the past three years, the Department concluded that GMG's customer growth projection for the 2020-2021 heating season, as forecasted in March 2020 is not unreasonable.

As a result of its analysis, the Department concluded that GMG's design-day analysis, particularly its regression models and mathematical approach, is acceptable. The Company's decision to use throughput assumptions from the 2019-2020 heating season was however considered inappropriate by the Department. The Department believes this will likely result in under-forecasted firm consumption in the event of a 90 HDD peak day.

The Department further stated that the use of throughput assumptions from the 2018-2019 heating season, which represented the Company's all-time peak send-out that occurred on a day with weather conditions near the 90 HDD planning objective, is the most appropriate method of estimating firm consumption on 90 HDD peak day. The Department is concerned that GMG's resulting reserve margin, when the issue of peak-day consumption is corrected, is too low.

### 3. Reserve Margin

The Department made two observations regarding the Company's reserve margin. It first observed that GMG's reserve margin has decreased steadily over the past three demand entitlement petitions, i.e. the past three heating seasons. Secondly, the Company's use of the peak send-out from the last heating season may result in an under-estimation of firm usage of 90 HDD peak day because it is based on a day with weather significantly warmer (75 HDD) than the planning objective.

When the Company modeled peak-day use based on data from the all-time peak send-out, it resulted in use per customer of 1.603 Dth/day and the following design-day results.

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<sup>10</sup> Petition, Attachment A, page 2 of 8, compared to Attachment A, pages 3-5 of 8.

**Table 4: Greater Minnesota Gas Reserve Margin Based on 2018-2019 Heating Season Data**

<b>Total Entitlement (Dth)</b>	<b>Design-Day Estimate (Dth)</b>	<b>Difference (Dth)</b>	<b>2020-2021 Proposed Reserve Margin %</b>	<b>2019-2020 Proposed Reserve Margin %</b>	<b>2018-2019 Proposed Reserve Margin %</b>
15,608	15,590	18	0.10%	7.24%	11.06%

Based on GMG's analysis, the Department concluded that a design-day analysis based on the send-out from 2018-2019, which represented the Company's all-time peak-day send-out, is the most appropriate estimate of firm consumption on a 90 HDD planning objective.

The Department noted that the reserve margin is necessary, as it provides an extra cushion that helps ensure firm reliability on a peak day. However, in terms of the Company's current proposal, the Department is concerned that this cushion is insufficient to ensure firm reliability on a peak day because any deviation (e.g., higher than expected use, customer additions above forecast) from Greater Minnesota's projections may result in a situation where design-day consumption exceeds available capacity. Historically, GMG's reserve margins have been greater than 5 percent.

The Department concluded that GMG's total entitlement level, and associated reserve margin, as proposed, is too low and risks firm reliability on a 90 HDD peak-day, which is the Company's planning objective. The Department recommended that Greater Minnesota Gas consider purchasing additional entitlements in preparation for the upcoming heating season or provide additional discussion in its reply comments substantiating its consumption figures or showing that customer additions are lower than previously forecasted.

#### 4. Department's Recommendations

The Department recommended that the Commission:

- a. allow Greater Minnesota Gas to recover demand costs associated with the Company's entitlements through the monthly Purchased Gas Adjustment effective April 1, 2020.
- b. continue to require Greater Minnesota to include the following in future demand entitlement filings:
  - Use a constant annual average residential usage estimate based on weather normalized sales for the purpose of estimating customer rate impact;
  - Perform separate regression analyses by service area, using area-specific weather stations;
  - Estimate its design day using data from at least 3 heating seasons when appropriate. If the results of these calculations are not acceptable, the



Department recommends that the Company fully explain its decision to use a shorter estimation period in its initial filing; and

- Maintain, on a going-forward basis, a two-part design-day process involving both regression analysis and mathematical analysis based on the Company's historical all-time peak-day send-out.

The Department also recommended that Greater Minnesota consider purchasing additional entitlements in preparation for the upcoming heating season or provide additional discussion in its reply comments substantiating its consumption figures or showing that customer additions are lower than previously forecasted.

### **C. Greater Minnesota Gas Reply Comments**

On October 19, 2020 GMG filed reply comments. With regard to the Department's concern about the level of GMG's available reserve margin and its request that GMG consider purchasing additional entitlements or provide additional discussion regarding its customer additions, GMG expressed confidence that it has adequate capacity for the current heating season. GMG further asserted that it investigated securing additional capacity pursuant to the Department's recommendation but was advised that there is no permanent firm transportation capacity available from Northern Natural Gas for the upcoming heating season.

Addressing the Department comments about its projected addition of 665 customers, GMG stated that the 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. The Company stated that new home development has slowed considerably due to the Coronavirus pandemic. GMG only reported 337 new customer additions as of October 7, 2020, and based on discussions with the development builders, it does not expect adding more than 100 additional customers before the end of the heating season.

GMG also explained that its decision to use "use per customer" (UPC) numbers from the 2019-2020 heating season to estimate design-day consumption rather than use per customer from the 2018-2019 heating season, GMG's all-time peak send-out, was predicated on the composition of its recent firm customer additions. The majority of GMG's firm customer additions in 2019 and 2020 are comprised of residential and small commercial customers that historically use less than one dekatherm per day on a peak day.

### **D. Department Response Letter**

After its review of GMG's reply comments, along with a review of the Company's October and November compliance filings in Docket No. G-022/M-15-622 regarding the number of customers added each month, the Department believes that, "given current economic conditions, it is likely that the Company has procured sufficient capacity to serve firm customers on a peak day."

The Department also acknowledged that GMG did investigate securing additional capacity for the upcoming heating season, but the Company was advised that there is no permanent capacity available through Northern Natural Gas for the upcoming heating season.

However, the Department recommended that GMG “consider, to the extent cost effective options are available, purchasing additional entitlements for the 2020-2021 heating season. Although its total entitlement level is likely sufficient to ensure firm reliability on a peak day, the Company’s reserve margin remains below levels typically approved for Greater Minnesota.”

Additionally, in terms of the Company’s use per customer methodology, the Department continues to believe data from the 2018-2019 heating season represents the most appropriate method to estimate design-day consumption.

## **V. Staff Comments**

In Reply Comments, GMG expressed confidence of having adequate capacity for the current heating season and stated that it investigated securing additional capacity but was advised that there is no permanent firm transportation capacity available from Northern Natural Gas for the upcoming heating season.

The Department continues to recommend “that GMG consider, to the extent cost effective options are available, purchasing additional entitlements for the 2020-2021 heating season. Although its total entitlement level is likely sufficient to ensure firm reliability on a peak day, the Company’s reserve margin remains below levels typically approved for Greater Minnesota.”

Additionally, for GMG, the Department has recommended in previous demand entitlement filings that the Commission accept higher reserve margins given the system dynamics, the higher level of growth experienced by this utility, and the fact that Greater Minnesota is a small utility with limited operational history.<sup>11</sup> Historically therefore, GMG’s reserve margins have been greater than 5%, compared to the proposed 3.7%.

In comparison to the other Minnesota LDCs, GMG’s proposed 3.7% reserve margin (as calculated by GMG) is lower (see Table 5 below). However, it should be remembered that the reserve margin is based on each LDC’s forecast of its design-day, and to the extent the LDCs are using different forecasting methodology for estimating extreme cold weather and UPC on a design day, the reserve margins are not exactly comparable.

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<sup>11</sup> The Department notes that the issue of limited operational history has become less of concern now that the Company’s system has experienced the weather during the 2018-2019 heating season.

**Table 5: 2020-2021 Change in Demand Entitlement filings**

Company	Docket No.	Reserve Margin	Status
Xcel Energy	M-20-633	5.5% <sup>12</sup>	Pending
CenterPoint Energy	M-20-565 & M-21-102	3.24% <sup>13</sup> & 4.8% <sup>14</sup>	Pending
MERC	M-20-636 & M-20-637	2.70% <sup>15</sup> % & 11.95% <sup>16</sup>	Order - 1/25/2021
Great Plains Natural Gas	M-20-562	6.85% <sup>17</sup>	Pending
Greater Minnesota Gas	M-20-391	3.7% <sup>18</sup>	Commission meeting 3/11/2021

Nevertheless, Staff concurs with the Department that GMG consider purchasing additional entitlements in preparation for the current heating season and appreciates GMG's reply that should additional capacity become available, that GMG is able to acquire, it will do so. Staff also notes that at this time, the 2020-2021 heating season is almost over.

<sup>12</sup> Department of Commerce (DOC), Supplemental Comments, p. 7. (February 25, 2021) The 5.52% reserve margin is a slight decrease from the 5.66% reserve margin reflected in Xcel's initial Petition.

<sup>13</sup> DOC Comments, Docket No. G-008/M-20-565; 2020-2021 Reserve Margin, Table 2, p. 11. (January 8, 2021) Assumes availability of peak-shaving facilities (physical reserves).

<sup>14</sup> CPE, Initial Filing, Estimated Reserve Margin, Docket No. G-008/M-21-102; p. 6 of 9. (February 1, 2021) Assumes availability of peak-shaving facilities (physical reserves).

<sup>15</sup> PUC Order (January 25, 2021) and DOC Comments (November 24, 2020), Margin, Docket No. G-011/M-20-636, DOC Comments, p. 7, Table 5. Total Consolidated Area Reserve Margin.

<sup>16</sup> PUC Order (January 25, 2021) and DOC Comments (November 24, 2020), Docket No. G-011/M-20-637; p. 8, Table 6. NNG Area Reserve Margin,

<sup>17</sup> DOC Comments, Docket No. G-004/M-20-562; p. 12, Table 3. (September 30, 2020)

<sup>18</sup> DOC Comments, Docket No. G-022/M-20-391; p. 8, Table 4. (October 28, 2020). Please note that the Department's calculation, as shown on p. 9, in Table 5, indicates that if the Company use its all-time send-out data of 2018-2019, the reserve margin would be 0.10%. The Department therefore concluded that the Company's 3.7% proposed reserve margin is too low.

## VI. Decision Options

1. Accept Greater Minnesota Gas' proposed entitlement level and resulting reserve margin. (Department)
2. Allow Greater Minnesota Gas to recover demand costs associated with the Company's entitlements through the monthly Purchased Gas Adjustment effective April 1, 2020. (Department)
3. Require Greater Minnesota Gas to consider, to the extent cost effective options are available, purchasing additional entitlements for the 2020-2021 and future heating seasons. (Department, as modified by Staff)
4. Require Greater Minnesota Gas to include the following in future demand entitlement filings: (Department)
  - Use a constant annual average residential usage estimate based on weather normalized sales for the purpose of estimating customer rate impact;
  - Perform separate regression analyses by service area, using area-specific weather stations;
  - Estimate its design day using data from at least 3 heating seasons when appropriate. If the results of these calculations are not acceptable, the Department recommends that the Company fully explain its decision to use a shorter estimation period in its initial filing; and
  - Maintain, on a going-forward basis, a two-part design-day process involving both regression analysis and mathematical analysis based on the Company's historical all- time peak-day send-out.