June 30, 2025

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

RE: Comments of the Minnesota Department of Commerce
Docket No. G011/M-25-52

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

> Minnesota Energy Resources Corporation's (MERC or the Company) 2024 Revenue Decoupling Mechanism Adjustment Calculation and Decoupling Evaluation Report

The decoupling evaluation report was filed by MERC on May 30, 2025.

The Department recommends that the Minnesota Public Utilities Commission (Commission) accept MERC's 2024 Decoupling Evaluation Report and approve MERC's proposed adjustments to the revenue decoupling mechanism (RDM) factors effective June 1, 2025.

Sincerely,

/s/ Dr. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

ab/ad
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. G011/M-25-52

I. INTRODUCTION

Minnesota Statute § 216B.2412 establishes criteria for revenue decoupling programs to be implemented for public utilities in the state of Minnesota. Revenue decoupling is a type of rate design intended to align the interests of the utility and the public by severing the connection between energy sales and net revenue. Consistent with Minnesota Statute §216B.2412, the Commission has established standards for decoupling mechanisms that operate without adversely affecting utility ratepayers and has authorized programs implementing decoupling.[1]

In general terms, revenue decoupling operates by having the Commission identify the revenues a utility should recover—i.e., the revenue requirement justified in a rate case. The revenue decoupling mechanism (RDM) separates the Company's revenue from changes in energy sales and eliminates the Company's disincentive to encourage its customers to invest in energy savings. The removal of this disincentive is an important step in supporting energy savings. If the utility's revenues later exceed this revenue requirement, the difference is refunded to ratepayers. If revenues fall short of the requirement, the utility recovers the difference via a surcharge on future consumption. Thus, the utility receives, and ratepayers pay, the amounts justified in the rate case.

Utilities with revenue decoupling programs in Minnesota are required to file yearly reports detailing the energy savings achieved and the calculation of revenue decoupling rider rates. The Department reviews these filings to ensure that the required information is included and that rates are calculated correctly. The Commission required all current and future investor-owned utilities (IOUs) with a RDM to include the following in its annual reports: [2]

A. Data and Narrative Regarding Energy Savings Achievements:

1. Brief overview of the ECO portfolio. Narrative discussing changes made in the most recent triennial ECO, including any changes in marketing.
2. Annual first-year energy savings, including a comparison of the utility's annual first-year energy savings of the past 5 years to the utility's average first-year energy savings for the three years preceding each utility's implementation of

[1] Minn. Stat. § 216B.2412, subds. 2–3; *In the Matter of a Commission Investigation Into the Establishment of Criteria and Standards for the Decoupling of Energy Sales from Revenues*, *Order Establishing Criteria and Standards to be Utilized in Pilot Proposals for Revenue Decoupling*, June 19, 2009, Docket No. E,G-999/CI-08-132, (eDockets) 20096-38723-01.

[2] *In the Matter of Proposed Streamlining for Annual Revenue Decoupling Evaluation Reports*, Order, March 8, 2021, Docket Nos. G-008/M-19-558; G-004/M-20-335; G-011/M-20-332; E-002/M-20-180,(eDockets) 20213-171627-04.

its RDM. Information will be presented on a total ECO basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes that have decoupled rates.

3. Lifetime energy savings, including a presentation of the utility's lifetime energy savings for each of the past 5 years. Information will be presented on a total ECO basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes that have decoupled rates.
4. Annual first-year energy savings for each year (beginning with three years before RDM implementation and ending with the year prior to RDM evaluation) presented as a percent of weather-normalized retail sales from non-ECO opt-out customers as specified in Minn. Stat. 216B.241 Subd. 1c. (b).
5. Comparison of the relevant average gas use per customer for each decoupled customer class for the three years before RDM implementation and the years after.

B. Data and Narrative Regarding RDM Deferral and Billing Adjustment Factors:

1. Brief explanation of how RDM over/under collection and RDM rates are calculated.
2. Annual amount of revenue over/under collected by customer class through the RDM during the evaluation period, before and after any adjustments to reflect the cap. Supporting detail includes monthly sales and number of customers and a description of how heating degree days ("HDD") varied from those assumed in the Company's last rate case.
3. Description of whether the approved cap has come into play for an decoupled class since RDM was implemented. The discussion includes identification of the time period(s), the customer class(es) affected, and what the RDM adjustment would have been without the cap.
4. Description of any changes to methods or calculations of the decoupling adjustment over the course of the pilot, including any such changes, their purpose, and impact on the deferral.
5. By rate class – the per therm rate charged, the overall rate surcharged/refunded, the annual gas use per customer, and the estimated bill impact on average customers. If there is a wide variation of consumption in the customer class, MERC may provide estimated bill impacts on customers with a range of consumption.
6. discussion of whether MERC filed any rate cases during the RDM implementation period, and when. To the extent new base rates took effect during the pilot period, indicate when those new rates took effect and what impact the revised rates had on the methods and mechanics of the RDM over/under collection calculations.

7. A table showing the historical net surcharges/refunds for each decoupled class and for the utility as a whole.
8. Tables showing the calculation of all past RDM factors (including over/under collections of revenues and forecasted sales).
9. Include an updated RDM tariff sheet in redline and final format.

MERC's 2024 Annual Revenue Decoupling Evaluation Report reflects the twelfth evaluation report filed by the Company and the fifth report submitted under the approved streamlined reporting format. The report covers the period of January 1, 2024 through December 31, 2024.

II. PROCEDURAL BACKGROUND

July 13, 2012	In MERC's 2010 Rate Case, the Commission issued its the Findings of Fact, Conclusions, and Order, which among other things, approved a three-year revenue decoupling pilot effective January 1, 2013 and required the Company to submit annual evaluations.[3]
March 8, 2021	The Commission issued an order in Docket No. G011/M-20-332 accepting the Department's proposed streamlined annual revenue decoupling evaluation report.[4]
August 31, 2022	The Commission issued an Order authorizing extension of MERC's RDM through the completion of the Company's next rate case or through 2025 if MERC's next rate case is not completed by that time.[5]
November 14, 2023	The Commission issued its Order Accepting Agreement Setting Rates and Updating Base Cost of Gas extending the Company's pilot revenue decoupling program three years, or through 2025.[6]
May 30, 2025	MERC filed its 2024 Annual Gas Revenue Decoupling Report[7]

[3] *In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, *Findings of Fact, Conclusions, and Order*, July 13, 2012, Docket No. G-007, 011/GR-10-977 (eDockets) 20127-76778-01.
[4] *In the Matter of Proposed Streamlining for Annual Revenue Decoupling Evaluation Reports*, *Order*, March 8, 2021, Docket Nos. G-008/M-19-558; G-004/M-20-335; G-011/M-20-332; E-002/M-20-180, (eDockets) 20213-171627-03
[5] *In the Matter of Minnesota Energy Resources Corporation's (MERC) 2021 Revenue Decoupling Mechanism Adjustment*, *Order*, August 31, 2022, Docket No. G011/M-22-260, (eDockets) 20255-219422-01.
[6] *In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota*, *Order Accepting Agreement Setting Rates and Updating Base Cost of Gas*, November 14, 2023, Docket No. G011/GR-22-504, (eDockets) 202311-200484-01.
[7] *In the Matter of MERC's 2024 Revenue Decoupling Mechanism Adjustment Calculation and Decoupling Evaluation Report,* MERC Initial Filing (hereafter, MERC 2024 Decoupling Report), May 30, 2025, Docket No. G011/M-25-52, (eDockets) 20255-219422-01.

III. DEPARTMENT ANALYSIS

A. DATA AND NARRATIVE REGARDING ENERGY SAVINGS ACHIEVEMENTS

1. Brief overview of ECO portfolio**.**

ii.

The Company's Energy Conservation and Optimization (ECO) plan for the year ending December 31, 2024, was approved on December 1, 2023, in Docket No. G011/CIP-23-98.[8] MERC's report describes the programs offered in MERC's 2024-2026 approved Triennial Plan for low-income, residential and Commercial & Industrial (C&I) customers. The plan featured an expansion of dedicated low-income programs from three offerings to four. The residential and commercial sectors each continued to provide four program options for customers. These programs provide incentives to customers, builders, and trade allies to drive energy efficiency savings. In addition to the Company's four dedicated low-income projects, MERC's 2024-2026 Triennial Plan incorporated additional incentives for low-income participation in several of its market rate residential and commercial segment projects, also known as hybrid projects. These additional offerings were available for low-income customers in the Company's residential audit program, which itself includes free home visit options for low-income participants: Residential Rebates, which offer enhanced rebates for Affordable housing rehab and new construction projects; Home Energy Reports, which offer enhanced messaging for low-income customers; and Commercial New Construction, which offers enhanced rebates for low-income multi-family developments.[9] Additional details regarding the Company's 2024 ECO plan and achievements are summarized in the Company's 2024 ECO Status Report filed May 1, 2025, in Docket No. G011/CI-23-98.[10]

1. *Annual First-Year Energy Savings and Comparison with the three years preceding the implementation of RDM.*

First-year energy savings refers to annual achievements through MERC's portfolio of ECO programs. Table 1 compares MERC's annual first-year energy savings for each of the past five years (2020 through 2024) to MERC's average first-year energy savings for the three years preceding implementation of MERC's decoupling (Base Years or 2010 through 2012) at the customer segment level.

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[8] *In the Matter of Minnesota Energy Resources 2024-2026 Energy Conservation and Optimization Triennial Plan*, Department Decision, December 1, 2023, Docket No. G011/CIP-23-98, (eDockets) 202312-200905-01

[9] Merc Decoupling Report at 9-11.

[10] *In the Matter of Minnesota Energy Resources 2024-2026 Energy Conservation and Optimization Triennial Plan*, MERC Report, May 1, 2025, Docket No. G011/CIP-23-98, (eDockets) 20255-218466-01

Table 1: MERC Historical First-Year ECO Energy Savings (Dth) by Rate Class[11]

Year/Period	Residential (Dth)	Non-Residential (Dth)	Overall Program (Dth)
2010	190,157	203,060	393,217
2011	210,815	210,022	420,837
2012	193,612	294,842	488,454
Base Years Average (2010-12)	**198,195**	**235,975**	**434,169**
2020	214,336	152,988	367,324
2021	210,013	182,809	392,822
2022	204,552	205,729	410,281
2023	194,412	203,027	397,439
2024	155,185	240,285	395,470
2020-24 Average	**195,700**	**196,968**	**392,667**

Table 1 shows that MERC's Residential and overall 2024 ECO results were lower than the Base Years period. However, MERC notes in its Report that MERC's Residential customer class average savings over the twelve-year period (2013-2024), has slightly increased with decoupling from 198,195 Dth to 199,835 Dth.[12] The Department notes decoupling was extended to include the general service system sales Commercial and Industrial (C&I) Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customers, in the RDM pilot, beginning with calendar year 2024. The company proposes the first RDM for these added customer classes to be effective June 1, 2025. The Department will continue to monitor the impact of decoupling on MERC's non-residential customers in future reports.

2. *Lifetime Energy Savings.*

Table 2 below shows the lifetime savings for MERC's Residential programs and C&I programs for each of the past 5 years relative to the pre-decoupling period.

[11]MERC 2024 Decoupling Report*,* Table A2(A) at 12.
[12] *Id.,* Table A2(C) at 14.

Table 2: ECO Lifetime Energy Achievements by Rate Class[13]

Year/Period	Residential (Dth)	Non-Residential (Dth)	Overall Program (Dth)
2010	2,888,682	2,918,255	5,806,937
2011	3,613,613	2,772,141	6,385,754
2012	3,225,221	4,317,585	7,542,806
Base Years Average (2010-12)	**3,242,505**	**3,335,994**	**6,578,499**
2020	3,184,385	2,197,206	5,381,591
2021	3,362,962	2,505,589	5,868,551
2022	3,131,404	2,179,970	5,311,374
2023	2,891,540	3,222,683	6,114,223
2024	2,274,526	3,072,636	5,347,162
2020-24 Average	**2,968,963**	**2,635,617**	**5,604,580**

As shown in Table 2, the 2024 actual and the five-year average Residential lifetime savings are less than the pre-decoupling base years average. Overall, the most recent five-year average lifetime energy savings are also less than the Base Year three-year average. In addition, the Residential segment slightly outperformed the C&I segment in the last five years, where the reverse is observed in the base years.

3. *Annual First-Year Energy Savings (% of weather-normalized retail sales)*

Table 3 below shows the Company's ECO energy savings as a percent of weather-normalized, non-ECO-exempt retail sales from 2010-2024.

[13] *Id.,* Table A3, at 15.

Table 3: ECO Achievements as % of Retail Sales[14]

Year	First-year Energy Savings (Dth)	Retail Sales (Dth)	Energy Savings % Retail Sales (Dth)	Average NRG Savings Pre and Post Decoupling
2010	445,836	54,862,275	0.81%	0.874%
2011	457,748	54,862,275	0.83%	
2012	534,596	54,862,275	0.97%	
2013	424,821	35,297,938	1.20%	0.967%
2014	369,068	35,297,938	1.05%	
2015	493,382	43,175,948	1.14%	
2016	472,000	43,175,948	1.09%	
2017	402,989	52,732,921	0.76%	
2018	509,758	52,732,921	0.97%	
2019	468,544	52,732,921	0.89%	
2020	367,324	42,070,269	0.87%	
2021	392,822	44,047,006	0.89%	
2022	410,281	44,047,006	0.93%	
2023	397,439	44,047,006	0.90%	
2024	395,470	43,866,491	0.90%	

Table 3 shows that average savings as a percent of ECO-eligible sales in the post-decoupling period has exceeded the pre-decoupling period. MERC's 2024 energy savings as a percent of ECO-eligible sales also exceeded the pre-decoupling average. The Department concludes from this data that MERC's investment in energy savings programs continues to result in increased energy savings.

4. *Comparison of the Average Gas Use per Customer for Each Decoupled Customer Class*

Table 4 below shows the average annual Residential usage per customer for the three years before MERC's decoupling was implemented (2010-2012) and each year decoupling has been in effect (2013-2024). In 2024, Decoupling was extended to the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customers.

[14] *Id*., Table A4(B), at 17.

Table 4: 2024 Average Gas Use per Customer Class[15]

<table>
<tr><th>Year</th><th>Residential Annual Usage (Therms)</th><th>Average Usage Pre and Post Decoupling</th><th></th><th></th></tr>
<tr><td>2010</td><td>848</td><td rowspan="3">816</td><td></td><td></td></tr>
<tr><td>2011</td><td>876</td><td></td><td></td></tr>
<tr><td>2012</td><td>723</td><td></td><td></td></tr>
<tr><td>2013</td><td>942</td><td rowspan="12">867</td><td></td><td></td></tr>
<tr><td>2014</td><td>1041</td><td></td><td></td></tr>
<tr><td>2015</td><td>770</td><td></td><td></td></tr>
<tr><td>2016</td><td>772</td><td></td><td></td></tr>
<tr><td>2017</td><td>818</td><th rowspan="4">C&I Firm Class 1 Annual Usage (Therms)</th><th rowspan="4">C&I Firm Class 2 Annual Usage (Therms)</th></tr>
<tr><td>2018</td><td>946</td></tr>
<tr><td>2019</td><td>968</td></tr>
<tr><td>2020</td><td>874</td></tr>
<tr><td>2021</td><td>801</td><td>796</td><td>6,973</td></tr>
<tr><td>2022</td><td>951</td><td>1,052</td><td>8,227</td></tr>
<tr><td>2023</td><td>780</td><td>758</td><td>7,362</td></tr>
<tr><td>2024</td><td>741</td><td>732</td><td>6,670</td></tr>
</table>

Table 4 appears to indicate that average gas use per Residential customer has gone up over the post decoupling time-period (average usage) compared to the average usage for the pre-decoupling time-period. The Department notes, however, the average gas use per customer in 2023 and 2024 was below the average usage for the pre-decoupling time-period. While the Department has concerns that the average usage has increased for residential customers since decoupling was implemented, this concern is mitigated by annual usage in the two most recent years. The Department will continue to monitor Residential and C&I annual usage in the future.

B. CALCULATION OF RDM DEFERRAL AND BILLING ADJUSTMENT FACTOR

1. *Explanation of Calculation of RDM Over/Under Collection and RDM Rates*

MERC's RDM is calculated annually based on the class revenue requirements after removing the fixed charge portion and conservation cost recovery charge (CCRC) revenues from the final revenue apportioned to the customer class, based on actual customer counts. The RDM is calculated to adjust on a per-customer basis for sales volumes that are above or below the approved sales level for each rate group that is used to determine volumetric distribution charges approved by the Commission.

[15] *Id.*, Table A5, at 18

MERC's decoupling mechanism also includes a ten percent symmetrical cap that limits refunds or surcharges to ten percent of the authorized distribution revenues less CCRC charges.

Each month, the actual average distribution revenue per customer was compared to the baseline forecast approved in Docket No. G011/GR-22-504. The resulting monthly deferrals, as well as the annual and cumulative balances, are tracked each month. In 2024, a monthly RDM calculation was computed for MERC's Residential customer class, general service system sales C&I Firm Class 1 (including farm tap customers), and general service system sales C&I Firm Class 2 (including farm tap customers).

2. *Annual Amount of Revenue Over/Under Collected by Customer Class*

Utilities are required to provide annual amount of revenue over/under collected by customer class through the RDM during the evaluation period, before and after any adjustments to reflect the cap. Table 5 below provides the amount of revenue over-/under-collected by customer class.

Table 5: MERC Under-Collected Revenue / (Over-Collected Revenue)[16]

Class	RDM Surcharge (Refund)	2022 Reconciliation Adjustment	Total Surcharge (Refund)	Forecasted Sales (Therms)	Surcharge (Refund) Rate, per therm
Residential	$5,718,314	($416,981)	$5,301,334	190,420,054	$0.02784
C&I Firm 1	$267,247	$0	$267,247	9,059,834	$0.02950
C&I Firm 2	$2,281,422	$0	$2,281,422	103,040,599	$0.02214

Gas utilities are also required to include a description of how heating degree days (HDD) varied from those assumed in the last rate case. According to MERC, there were 6,681 heating degree days in 2024 for the MERC-NNG PGA compared to 7,722 normal heating degree days from the last rate case. There were 8,190 heating degree days in 2024 for the MERC-Consolidated PGA compared to 9,293 normal heating degree days from the last rate case. MERC explained the actual weather in 2024 was 13.5 percent warmer for the MERC-NNG purchased gas adjustment ("PGA") and 11.9 percent warmer for the MERC-Consolidated PGA.[17]

3. *RDM Approved Cap*

Table 6 below summarizes each instance in which the cap came into play for a decoupled class since MERC's RDM was implemented. MERC's RDM has a 10 percent cap on both surcharges and refunds. The Department notes that Prior to 2018, MERC defined the general service system sales Firm Class 1 as Small C&I.

[16] *Id.*, Table B2, at 21.
[17] *Id.,* at 21-22.

Table 6: Impact of Cap[18]

Period	Customer Class Affected	Actual Billed RDM Adjustment	RDM Adjustment Without Cap
2013	Small C&I	$0.01701	$0.02958
2014	Residential	-$0.01936	-$0.03527
2014	Small C&I	-$0.01567	-$0.06334
2015	Residential	$0.01936	$0.02440
2016	Residential	$0.02135	$0.02350
2016	Small C&I	$0.01930	$0.04265
2019	Residential	-$0.02173	-$0.02233
2024	Residential	$0.03003	$0.04059
2024	Firm Class 1	$0.02950	$0.05726
2024	Firm Class 2	$0.02214	$0.02721

Table 6 shows that the ten percent cap on surcharges was in effect for Residential customers in 2015, 2016, and 2024 and on refunds for Residential customers in 2014 and 2019. The ten percent cap on surcharges for Small C&I customers was in effect in 2013 and 2016 and on refunds in 2014. In 2024 the 10 percent cap was in effect for both Firm Class 1 and Firm class 2 customers.

4. *Changes to Decoupling Adjustment*

In its 2024 annual report, MERC describes all changes it has made to its decoupling adjustments since its inception in 2013. In 2024, MERC uses the sales and customer counts approved in its last rate case and has updated the RDM pilot to include the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customer customers, in addition to the Residential class. Accordingly, MERC updated the forecasted sales and customer counts to include C&I Firm Class 1 and C&I Firm Class 2 forecasted sales and customer counts as approved in the last rate case and calculated an RDM for the C&I Firm Class 1 and C&I Firm Class 2 customer classes to be implemented June 1, 2025.[19]

5. *Overall Rate Surcharge/Refund, Monthly Electric Use Per Customer, and the Monthly RDM Impact.*

The surcharge rates to be implemented effective June 1, 2025, per therm are shown in Table 5 above. Additionally, a summary of estimated bill impacts from the RDM factor in Table 7, below.

[18] *Id*., Table B3, at 22.
[19] *Id.* at 22-24.

Table 7: Summary of 2025 RDM Rate and Estimated Bill Impacts (Effective June 1, 2025)[20]

Customer Class	RDM Per Therm Surcharge/(Credit)	Average Use per Customer	Average Monthly Bill Impact	Average Annual Bill Impact
Residential	$0.02784	741	$1.72	$20.62
C&I Firm Class 1	$0.02950	732	$1.80	$21.60
C&I Firm Class 2	$0.02214	6,670	$12.31	$147.69

6. *Rate Cases Filed During the RDM Implementation Period*

MERC notes it has filed four rate cases since its RDM was originally approved effective January 1, 2013.[21] In its 2024 annual report the Company described when those new rates took effect under each rate case and what impact the revised rates had on the methods and mechanics of the RDM over/under collection calculations.[22]

7. *Historical Net Surcharges/Refunds for Each Decoupled Class*

Table 8 below shows the historical net surcharges/(refunds) for each decoupled class for the full year of 2024. The Department notes that the Commission authorized MERC to discontinue the RDM surcharge for the Small C&I class effective May 1, 2022.[23]

[20] *Id.,* attachment C. The lines labeled Total Surcharge/(Refund) depicts the net surcharge/(refunds) for each decoupled class.
[21] Docket No. G011/GR-13- 617, Docket No. G011/GR-15-736, Docket No. G011/GR-17-563, and Docket No. G011/GR-22-504.
[22] MERC 2024 Decoupling Report, at 25-26.
[23] *In the Matter of Minnesota Energy Resources Corporation's (MERC's) Petition for Approval of its 2020 Revenue Decoupling Evaluation Report and Revenue Decoupling Mechanism (RDM) Adjustment,* Order, April 25, 2022, G-011/M-21-152 (eDockets) 20224-185052-01

Table 8: MERC Historical Net Surcharge/(Refunds) for Each Decoupled Class[24]

Year	Residential	GS- C&I Firm Class 1	GS - C&I Firm Class 2	Total
2013	0	0	0	0
2014	($3,283,235)	($166,426)		($3,449,661)
2015	$3,428,684	$131,034		$3,559,718
2016	$3,171,430	$164,052		$3,335,482
2017	$2,957,786	$210,369		$3,168,155
2018	($3,243,039)	$67,326		($3,175,713)
2019	($4,394,036)	40,447		($4,353,589)
2020	($436,058)	1,887		($434,171)
2021	$3,246,309	n/a		$3,246,309
2022	($3,040,322)	n/a		($3,040,322)
2023	$4,843,889	n/a		$4,843,889
2024	$5,301,334	$267,247	$2,281,422	$7,850,003

Table 7 shows that Residential Customers received refunds in 2014, 2018-2020 and 2022 and were assessed a surcharge in 2015-2017, 2019, 2021, 2023 and 2024. Small C&I customers received a refund in 2014 and were assessed a refund in 2015-2020. In 2024, both Firm class 1 and firm class 2 were assessed a surcharge in 2024.

8. *Calculation of all Past RDM Factors*

Table 9 below shows the historical RDM factors (2013-2024) for the Residential Class. The Table provides the total surcharge/refund, the forecasted sales used in the calculation of all past RDM factors.

[24] MERC 2024 Decoupling Report, Attachment C.

Table 9 – Historical RDM Factors (Rate)Calculation Residential Class[25]

Year	Residential Surcharge/(Refund)	Residential Forecasted Sales (Therms)	Residential RDM Factor (Rate)
2013	0	0	$0
2014	($3,283,235)	169,606,110	($0.01936)
2015	$3,428,684	169,606,110	$0.02022
2016	$3,171,430	180,058,590	$0.01761
2017	$2,957,786	180,058,590	$0.01643
2018	($3,243,039)	183,783,848	($0.01765)
2019	($4,394,036)	183,783,848	($0.02391)
2020	($436,058)	183,783,848	($0.00237)
2021	$3,246,309	183,783,848	$0.01766
2022	($3,040,322)	183,783,848	($0.01654)
2023	$4,843,889	190,420,054	$0.02544
2024	$5,301,334	190,420,054	**$0.02784**

Table 10 below shows the historical RDM factors for the general Service (GS) C&I Firm Class 1.

Table 10: Historical RDM Factors (Rate) Calculation GS – Firm Class 1 (Small C&I)[26]

Year	GS - Firm Class 1 Surcharge/(Refund)	GS – Firm C&I Class 1 Forecasted Sales (Therms)	GS – C&I Firm Class 1 RDM Factor (Rate)
2013	0	0	$0
2014	($166,426)	10,622,007	($0.01567)
2015	$131,034	10,622,007	$0.01234
2016	$164,052	11,856,852	$0.01384
2017	$210,369	11,856,852	$0.01774
2018	$67,326	9,089,669	$0.00741
2019	40,447	9,089,669	$0.00445
2020	1,887	9,089,669	$0.00021
2021	n/a	n/a	n/a
2022	n/a	n/a	n/a
2023	n/a	n/a	n/a
2024	$267,247	9,059,834	**$0.02950**

[25] *Id.*.
[26] *Id.*

Table 11 shows the shows the 2024 RDM factors for the general Service (GS) C&I Firm Class 2

Table 1 – 2024 RDM Factors Calculation GS - C&I Firm Class 2[27]

Year	GS - Firm Class 2 Surcharge/(Refund)	GS – C&I Firm Class 2 Forecasted Sales (Therms)	GS – C&I Firm Class 2 RDM Factor (Rate)
2024	$2,281,422	103,040,599	**$0.02214**

9. *Updated RDM Tariff Sheet in Redline and Final Format*

MERC provided the redlined and final format of MERC's RDM tariff sheets.[28] The Company stated it will include the bill message below, effective the first month the new RDM factors take effect, notifying customers of the change in their monthly bills:

> Effective June 1, 2025, a Decoupling Adjustment will be included on your bill at a rate of $0.02784 per Therm for all residential customers, $0.02950 per Therm for all system sales firm Class 1 customers, and $0.02214 per Therm for all system sales firm Class 2 customers. The Decoupling Adjustment is a credit or surcharge that separate revenues from changes in energy sales, neutralizing the impact of reduced sales due to energy conservation.[29]

IV. DEPARTMENT RECOMMENDATIONS

The Department recommends the Commission accept MERC's 2024 Decoupling Evaluation Report and approve MERC's proposed adjustments to the revenue decoupling mechanism factors effective June 1, 2025. The Department will continue to monitor MERC's annual decoupling report in future years and look for trends in its energy savings.

[27] *Id.*
[28] *Id.,* Attachment D.
[29] *Id.,* at 27.

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. G011/M-25-52

Dated this **30th** day of **June 2025**

/s/Sharon Ferguson

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP		50 S 6th St Ste 1500 Minneapolis MN, 55402-1498 United States	Electronic Service		No	M-25-52
2	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-52
3	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-25-52
4	Daryll	Fuentes	energy@usg.com	USG Corporation		550 W Adams St Chicago IL, 60661 United States	Electronic Service		No	M-25-52
5	Joylyn C	Hoffman Malueg	joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources		2685 145th St W Rosemount MN, 55068 United States	Electronic Service		No	M-25-52
6	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-52
7	Catherine	Phillips	catherine.phillips@wecenergygroup.com	Minnesota Energy Resources		231 West Michigan St Milwaukee WI, 53203 United States	Electronic Service		No	M-25-52
8	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-52
9	Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.		225 South Sixth Street Suite 3500 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-52
10	Will	Seuffert	will.seuffert@state.mn.us		Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul MN, 55101 United States	Electronic Service		Yes	M-25-52
11	Richard	Stasik	richard.stasik@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		231 West Michigan St - P321 Milwaukee WI, 53203	Electronic Service		No	M-25-52

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
						United States				
12	Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP		2200 IDS Center 80 South 8th Street Minneapolis MN, 55402 United States	Electronic Service		No	M-25-52
13	Tina E	Wuyts	tina.wuyts@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		PO Box 19001 700 N Adams St Green Bay WI, 54307-9001 United States	Electronic Service		No	M-25-52