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# STATE OF MINNESOTA

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October 9, 2015

Daniel Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

**Re: *Response Letter to Supplemental Reply Comments, Interim Rate Refund Compliance Filing, In the Matter of a Petition by Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota***  
**Docket No. G-011/GR-13-617**

Dear Mr. Wolf:

The Office of the Attorney General—Residential Utilities and Antitrust Division (“OAG”) has reviewed Minnesota Energy Resources Corporation’s (“MERC” or “the Company”) interim rate refund compliance filings and provides the following comments on two aspects of the September 29, 2015 proposal by the Company.

First, the amount of non-refundable refunds in the Company’s corrected filing of \$10,853 is more reasonable than the initial \$182,160. The OAG would, however, like to see more detail in future interim rate refund proposals. As the Department of Commerce (“Department”) noted in its July 31, 2015 letter, the Company’s initial interim rate refund plan included only spreadsheets. A brief narrative that describes the data as well as the steps taken to return money to inactive customers would help both customers and regulators better understand the proposal. In addition, the Company should describe the steps it has taken or is planning to take to prevent the types of errors that have plagued the interim rate refund process in this case.

Second, while the Company’s proposal to donate the non-refundable interim rate refund to the Salvation Army is consistent with treatment in previous MERC rate cases, the Department contended that the money should go to the state by operation of the unclaimed property statutes found in Minn. Stat. ch. 345.<sup>1</sup> According to the Department, any ratepayer refund money a utility has remaining after the refund process should be treated as an “unrefunded overcharge[.]”

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<sup>1</sup> Department’s October 7, 2015 Supplemental Letter.

and “presumed abandoned.”<sup>2</sup> The Company argued that, “Requiring MERC to comply with Chapter 345 for customers owed refunds of less than \$2.00 would defeat the purpose of the \$2.00 threshold, i.e., to reduce administrative expense.”<sup>3</sup> This claim is inaccurate. Under the Department’s proposal, the \$2 threshold would continue to operate to reasonably limit administrative burden. Those inactive customers with a refund greater than \$2 and who provide the company with a forwarding address would still receive a check from the company while other inactive customers, who either fall under the threshold or who did not leave a forwarding address, would not be sent a check.

If the Commission approves the Department’s proposal, there are several conditions that would help to reduce administrative burden on the Company while maximizing the ability of former MERC ratepayers to claim their interim rate refund.

The Commission should require the Company to include customer names, last-known address, and refund amount when it sends the money to the Department’s Unclaimed Property Division. This would allow former customers, who would not be entitled to a refund under MERC’s proposal, to claim their refund. While many of the refunds may be small, it is possible that a customer could have a refund much greater than \$2. Under the Department’s proposal, this customer would be able to claim their refund. MERC did not provide a breakdown of un-refunded refunds by amount, so it is impossible to know how many former customers might have refunds greater than \$2.

The Commission should also require the Company to include, in a future interim rate notice, a statement informing customers of the Department’s website for unclaimed property, [www.missingmoney.com](http://www.missingmoney.com). This would inform ratepayers of an avenue for claiming refund money they are entitled to, even if they move away from the system before the interim rate refund is processed and even if they do not leave a forwarding address with the utility.

Finally, the Company should request permission from the Department to waive the three-year holding period in Minn. Stat. ch. 345.39, subd. 1. This would allow former customers to make claims on their refunds much sooner than they otherwise would otherwise be able. In addition, it would make it much more likely that a former customer would seek to make a claim if the funds were available shortly after the refund was complete. Waiver of the three-year waiting period would also be administratively cleaner, for both the company and regulators.

In conclusion, MERC’s corrected non-refundable refund amount is much more reasonable. The timing of this filing, however, just one day before filing a new rate case, raises

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<sup>2</sup> Minn. Stat. ch. 345.39 Subd. 1.

<sup>3</sup> MERC’s September 29, 2015 Supplemental Reply Comments.

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concerns about the Company's ability to effectively manage its interim rate refund process. To this end, the OAG urges the Commission to require more detail about the interim rate refund plan in future rate cases as well as any relevant discussion about the steps taken to avoid similar errors in the future. The Department's recommendation to treat the non-refundable refund under Minn. Stat. ch. 345 would, with certain conditions, provide former MERC customers who are entitled to a refund the ability to claim the amount without increasing the administrative burden on the company or increasing the burden on other ratepayers.

Dated: October 9, 2015

Respectfully submitted,

LORI SWANSON  
Attorney General  
State of Minnesota

*s/ Joseph A. Dammel*

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ATTORNEY FOR OFFICE OF THE  
ATTORNEY GENERAL—RESIDENTIAL  
UTILITIES AND ANTITRUST DIVISION

**AFFIDAVIT OF SERVICE**

**Re:    *Response to Supplemental Reply Comments, Interim Rate Refund Compliance Filing,  
In the Matter of a Petition by Minnesota Energy Resources Corporation for Authority  
to Increase Natural Gas Rates in Minnesota***  
**Docket No. G-011/GR-13-617**

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF RAMSEY    )

I, Julie Peick, hereby state that on the 9th day of October, 2015, I efiled with eDockets  
*Response Letter of the Office of the Attorney General* and served the same upon all parties  
listed on the attached service list via electronic submission.

See Attached Service List

*s/ Julie Peick*  
\_\_\_\_\_  
Julie Peick

Subscribed and sworn to before me  
this 9th day of October, 2015.

*s/ Ruth M. Busch*  
\_\_\_\_\_  
Notary Public  
My Commission expires: January 31, 2020.

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