



Minnesota Energy Resources Corporation
Suite 200
1995 Rahnclyff Court
Eagan, MN 55122
www.minnesotaenergyresources.com

July 7, 2017

VIA ELECTRONIC FILING

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101

RE: In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of 2016 Conservation Improvement Program Tracker Account, Demand-Side Management Financial Incentive, and Conservation Cost Recovery Adjustment Factor
Docket No. G011/M-17-340

Reply to Department of Commerce Comments

Dear Mr. Wolf:

On July 3, 2017, the Department of Commerce, Division of Energy Resources ("Department") submitted comments in the above-referenced docket recommending that the Minnesota Public Utilities Commission ("Commission"):

- 1) approve MERC's 2016 DSM financial incentive of \$3,245,000 to be included in the Company's CIP tracker account no sooner than the issue date of the Commission's Order in the present docket;
- 2) approve MERC's 2016 CIP tracker account activities as summarized in Table 1 to the Department's Comments;
- 3) approve the revised gas CCRA of \$0.01024 per therm for all of MERC's Minnesota customer classes, to be effective January 1, 2018, or on the first billing cycle in the next full month after Commission approval, whichever is later. The approval is conditioned on the Company submitting, within 10 days of the issue date of the Order in the present docket, a compliance filing with the relevant tariff sheets and necessary calculations that comply with the Commission's determinations; and

Mr. Daniel P. Wolf
July 7, 2017
Page 2

- 4) require MERC to include the following bill message (with the appropriate date) following the date of the Order in the present docket, or January 1, 2018, whichever is later:

Effective [insert date], a revised CCRA (conservation cost recovery adjustment) has been included on your bill. The CCRA is an annual adjustment to true-up under-recovery or over-recovery of CIP (conservation improvement program) expenses. Effective [insert date], the CCRA rate will be \$0.01024 per therm.

MERC thanks the Department for its thorough analysis and review. Based on the Comments submitted, MERC and the Department are in agreement and no open issues remain. MERC respectfully requests that the Commission take the action recommended in the Department's Comments.

If you have any questions, please don't hesitate to contact me at 651-322-8965.

Sincerely yours,

/s/ Amber S. Lee

Amber S. Lee
Regulatory and Legislative Affairs Manager

cc: Service List