

July 31, 2015

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: **Letter of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. G011/GR-13-617

Dear Mr. Wolf:

In its March 18, 2015 Order (Order) in the above-referenced docket, the Minnesota Public Utilities Commission (Commission) authorized Minnesota Energy Resources Corporation (MERC or the Company) to implement its final rates approved by the Commission's October 28, 2014 Order<sup>1</sup> on April 2015. The Commission also approved MERC's refund plan and required the Company to submit a compliance filing that separately shows the actual refunds and interest paid by rate class, including supporting calculations, within 10 days of the completion of the refund for all of its customers.

On July 23, 2015, MERC filed a *Rate Refund Compliance Filing* in compliance with the Order and stated:

MERC has now completed all rate refunds to its customers in accordance with the proposed refund plan. MERC has refunded a total of \$4,496,953.74, including \$110,771.61 of interest.

In MERC's Attachment 1, the Company provided its calculation of the refund obligation, the related interest, and the actual amount distributed to the customer classes. MERC stated:

As described in MERC's June 11, 2015 letter filing, the first 5 of MERC's 20 bill cycles were not issued refunds in June as previously planned and therefore, an additional \$3,160.54 of interest was calculated, in addition to what is shown on Attachment 1. Refund amounts, including interest, were credited to customer bills in June (Bill Cycles 6 through 20) and July (Bill Cycles 1 through 5) for current customers, and checks were mailed to the last known address of inactive accounts that were due amounts greater than \$2.00. For unclaimed amounts, a donation of \$182,160.54 will be forwarded to the Salvation Army Northern Division for distribution to clients under the Minnesota HeatShare Program.

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<sup>1</sup> *Findings of Fact, Conclusions, and Order* in Docket No. G011/GR-13-617.

The Department reviewed the *Rate Refund Compliance Filing*. The Department does not have a concern with the Company's calculation of the refund obligation, the related interest, and the actual amount distributed to the customer classes. However, the Department has three concerns regarding the proposed donation to the Salvation Army Northern Division (Salvation Army) for distribution to clients under the Minnesota HeatShare Program of \$182,160.54. First, the amount appears to be unusually high; while the payment would be a benefit to the Salvation Army, there is a concern about the high amount that MERC's ratepayers are *not* receiving in refunds for the amounts they paid.

Second, it appears that MERC has not received Commission approval in this proceeding to make the donation as part of the Company's refund plan. Upon review of MERC's initial proposed refund plan filed on January 21, 2015, the Department discovered that the Company did not make a proposal for unclaimed amounts or any residual amount. Further, MERC simply referred to its Schedule G for its refund proposal.<sup>2</sup> Schedule G showed schedules similar to Attachment 1 in the current filing but with estimated amounts.

Third, while donations to the Minnesota HeatShare Program have been made under prior interim rate refund plans, it has come to the Department's attention that Minn. Stat. Chapter 345 may govern all unclaimed property held by regulated utilities (not just unclaimed customer deposit amounts which are specifically governed by Minn. Stat. § 345.34). While MERC's proposal may be appropriate, it would be helpful to have clarification that there are no concerns with the Unclaimed Property statutes, particularly given the size of the unrefunded amount.

In a July 28, 2015 Department telephone call to MERC, the Company stated that the Salvation Army donation had not yet been made. The Department requested that the Company refrain from making the donation until further notice and MERC agreed. The Department requests that in its reply MERC answer the following questions:

- What does "unclaimed amounts" include and what are the amounts for each category (e.g., less than \$2.00, unclaimed checks, etc.)?
- What are the unclaimed amounts by customer class?
- What does MERC do to locate customers who are owed a refund?
- How long does MERC intend to search for customers who are owed a refund?
- How does MERC's proposal comport with Minn. Stat. Chapter 345? and
- How does MERC's proposal comport with prior Commission Orders?

The Department will respond after MERC's reply. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ MICHELLE ST. PIERRE  
Financial Analyst

MS/lt

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<sup>2</sup> Page 3 of MERC's January 21, 2015 filing.

## **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  
Letter**

**Docket No. G011/GR-13-617**

**Dated this 31<sup>st</sup> day of July 2015**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Auger	mauger@usenergyservices.com	U S Energy Services, Inc.	Suite 1200 605 Highway 169 N Minneapolis, MN 554416531	Electronic Service	No	OFF_SL_13-617_Official List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_13-617_Official List
Amber	Lee	ASLee@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th St W  Rosemount, MN 55068	Electronic Service	No	OFF_SL_13-617_Official List
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_13-617_Official List
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_13-617_Official List
Barbara	Nick	banick@integrysgroup.com	Minnesota Energy Resources Corporation	2665 145th Street PO Box 455 Rosemount, MN 55068-0455	Electronic Service	No	OFF_SL_13-617_Official List
Steve	Sorenson	N/A	Constellation Energy	12120 Port Grace Blvd, Suite 200  La Vista, NE 68128	Paper Service	No	OFF_SL_13-617_Official List
Casey	Whelan		U.S. Energy Services, Inc.	Suite 1200 605 Highway 169 North Minneapolis, MN 554416531	Paper Service	No	OFF_SL_13-617_Official List
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	OFF_SL_13-617_Official List