

September 8, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Supplemental Letter of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G011/GR-13-617, OAH Docket No. 8-2500-31126

Dear Dr. Haar:

On August 25, 2014, Minnesota Energy Resources Corporation (MERC or the Company) submitted its compliance filing in response to the Administrative Law Judge's (ALJ) Report, dated August 12, 2014, and the Minnesota Public Utilities Commission's (Commission) August 13, 2014 Notice of Schedule and Request for MERC to File Schedules Reflecting the ALJ's Recommendations. On August 28, 2014, the Minnesota Department of Commerce (Department) filed comments on MERC's revised financial schedules including the ALJ's recommended adjustments to the rate base, income statement, and revenue requirement summary. In its comments, the Department agreed with MERC's revised financial schedules except for the cost of gas adjustment.

Upon further review, the Department now concludes that MERC's income statement adjustments also include an incorrect Conservation Improvement Program (CIP) revenue adjustment of \$9,396,422. The Department believes that there was a misunderstanding regarding ALJ Finding 581. That paragraph stated, "The Administrative Law Judge recommends setting the CIP revenue equal to the CIP expense so that final rates include CIP revenue and CIP costs of \$9,396,422."

MERC's September 30, 2013 rate case filing already included \$5,382,049 in CIP revenue. For this reason, as indicated in the ALJ's Finding 574, the Department:

...recommended that the test-year CIP revenue be increased to the level of CIP expense approved in the test year. Using the 2014 approved CIP budget (\$9,396,422), the Department maintained that the Commission require MERC to increase Natural Gas Revenue by \$3,758,090 for CIP revenue.

It appears that there was also some confusion regarding the statement in the ALJ's proposed Finding 579, which stated that "MERC testified that it would not be opposed to this approach..." with the misunderstanding being the reference to "this." As a result, in

MERC's August 25, 2014 revised financial schedules, Attachment A, page 5, col. (f), \$9,396,422 was added to Natural Gas Revenue for the CIP adjustment. That is, it appears that MERC misunderstood the ALJ's Finding 581 to require an addition of \$9,396,422 in revenues rather than the CIP revenue *adjustment*, which should be \$3,758,090. The calculation of the CIP revenue adjustment is shown on Ex. 218 MAS -16 (St. Pierre Direct).¹

If the Commission agrees with this interpretation of the ALJ's Report, then the net revenue deficiency for MERC's rate case is \$5,426,948,² a rate increase, rather than a rate rollback of approximately \$211,917.³ The Department believes that this is the correct understanding of the ALJ Report Finding 581 and is consistent with the Department's recommendation in this proceeding.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ MICHELLE ST. PIERRE
Financial Analyst
651-539-1835

MS/ja

¹ See Department Attachment A.

² See Department Attachment B.

³ See the Department's August 28, 2014 Letter, Attachment A, page 1.

MERC
CIP-Income Statement Adjustments
Docket No. G011/GR-13-617

<u>Line No.</u>		
CIP REVENUE		
1	MERC proposed CIP Revenue	\$5,382,049
2	DOC CIP Revenue due to sales forecast	\$256,283
3	Total CIP revenue	<u>\$5,638,332</u>
4	DOC recommended CIP Revenue	\$9,396,422
5	DOC recommended CIP Revenue Adjustment	\$3,758,090
CIP EXPENSE		
6	MERC proposed CIP Expense	\$8,920,481
7	DOC recommended CIP Expense	\$9,396,422
8	DOC recommended CIP Expense Adjustment	\$475,941
1\	Based on the current CCRC rate \$0.01513 x non-CIP-exempt therms 355,720,357.	

MERC
Revenue Requirements Summary
Test Year Ending December 31, 2014

Line No.	Description	MERC's Filing 1/	DOC Direct	DOC Surrebuttal	DOC Reply Brief 9/	ALJ Post Hearing
		(a)	(b)	(c)	(c)	(d)
1	Average Rate Base	\$198,314,568 2/	\$185,823,411	\$192,039,273	\$192,049,363	\$192,019,447
2	Rate of Return	8.0092%	7.3299%	7.2745% 3/	7.2745%	7.5262%
3	Required Operating Income	\$15,883,387	\$13,620,670	\$13,969,897 4/	\$13,970,631	\$14,451,768
4	Adjusted Mn Net Operating Income	\$7,557,332	\$11,943,428	\$12,033,181 5/	\$11,899,900	\$11,266,939
5	Income Deficiency	\$8,326,054	\$1,677,242	\$1,936,716 6/	\$2,070,731	\$3,184,829
6	Gross Revenue Conversion Factor	1.704 7/	1.704	1.704	1.704	1.704
7	Gross Revenue Deficiency	\$14,187,597	\$2,858,021	\$3,300,164 8/	\$3,528,525	\$5,426,948
8	Difference between DOC and MERC rev. def.					

1/ MERC Ex. ____, Vol. 3, Doc. 1, Sch. A-1 (Information Requirements).
2/ DOC Ex. ____ MAS-S-3 (St. Pierre Surrebuttal) .
3/ DOC Ex. ____ (Amit Surrebuttal Testimony).
4/ Lines (1) x (2).
5/ DOC Ex. ____ (MAS-S-5).
6/ Lines (3) - (4).
7/ MERC Ex. ____, Vol. 3, Doc. 1, Sch. A-2 (Information Requirements).
8/ Lines (5) X (6).
9/ DOC's 7/11/14.Post Hearin Reply Brief, Attachment 1.

MERC
Rate Base Summary
Test Year Ending December 31, 2014

Line No.	Description	MERC's Filing 1/ (a)	Adjustments 2/ (b)	ALJ Position 3/ (c)
PLANT IN SERVICE				
1	Energy	\$999,429	\$0	\$999,429
2	Transmission	\$6,833,452	\$0	\$6,833,452
3	Distribution	\$368,477,466	\$0	\$368,477,466
4	Customer	\$5,206,114	\$0	\$5,206,114
5	Total Plant	\$381,516,461	\$0	\$381,516,461
RESERVE FOR DEPRECIATION				
6	Energy	(\$326,488)	\$0	(\$326,488)
7	Transmission	(\$3,072,997)	\$0	(\$3,072,997)
8	Distribution	(\$164,797,536)	\$0	(\$164,797,536)
9	Customer	(\$1,700,703)	\$0	(\$1,700,703)
10	Total Accumulated Depreciation	(\$169,897,723)	\$0	(\$169,897,723)
NET PLANT IN SERVICE				
11	Energy	\$672,941	\$0	\$672,941
12	Transmission	\$3,760,455	\$0	\$3,760,455
13	Distribution	\$203,679,930	\$0	\$203,679,930
14	Customer	\$3,505,411	\$0	\$3,505,411
15	Total Net Plant	\$211,618,737	\$0	\$211,618,737
DEFERRED TAXES ON PLANT				
16	Energy Plant Deferred Tax	(\$71,144)	\$0	(\$71,144)
17	Transmission Plant Deferred Tax	(\$673,998)	\$0	(\$673,998)
18	Distribution Plant Deferred Tax	(\$35,515,782)	\$0	(\$35,515,782)
19	Customer Plant Deferred Tax	(\$370,594)	\$0	(\$370,594)
20	Total Plant Deferred Tax	(\$36,631,519)	\$0	(\$36,631,519)
21	Construction Work in Progress (CWIP)	\$0	\$0	\$0
22	LESS: Customer Advances	\$0	\$0	\$0
23	Net Utility Plant	\$174,987,219	\$0	\$174,987,219
24	Cash Working Capital from Lead/Lag	(\$3,908,368)	\$617,811	(\$3,290,557)
25	Deferred Taxes Other than Plant, M&S	(\$3,140,462)	\$4,834,648	\$1,694,186
26	Non-Utility Adjustment	(\$1,530,328)	\$0	(\$1,530,328)
27	Plant Adjustment	(\$29,112)	(\$6,633)	(\$35,745)
28	Subtotal	(\$8,608,270)	\$5,445,826	(\$3,162,444)
29	Materials and Supplies	\$279,570	\$0	\$279,570
30	Gas Storage	\$12,013,242	\$853,699	\$12,866,941
31	Regulatory Assets/Liabilities	\$19,642,806	(\$12,594,646)	\$7,048,160
32	Subtotal	\$31,935,618	(\$11,740,947)	\$20,194,671
33	TOTAL AVERAGE RATE BASE	\$198,314,568	(\$6,295,121)	\$192,019,447

1/ MERC Ex. _____, Vol. 3, Doc. 2, Sch. B-1 (Information Requirements).

MERC Ex. _____, Vol. 3, Doc. 2, Sch. B-3 (Information Requirements) for Working Capital.

2/ DOC Ex. _____ MAS-S-4 (St. Pierre Surrebuttal).

3/ Columns (a) + (b).

MERC
Rate Base Adjustments
Test Year Ending December 31, 2014

Line No.	Description	Regulatory Assets & Liabilities MAS (a)	Rate Case Expense LL (b)	Extensions MNZ (c)	Gas Storage LL (d)	Cash Working Capital (e)	Total Adjustments (f)
PLANT IN SERVICE							
1	Energy						\$0
2	Transmission						\$0
3	Distribution						\$0
4	Customer						\$0
5	Total Plant	\$0	\$0	\$0	\$0	\$0	\$0
RESERVE FOR DEPRECIATION							
6	Energy						\$0
7	Transmission						\$0
8	Distribution						\$0
9	Customer						\$0
10	Total Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0
NET PLANT IN SERVICE							
11	Energy	\$0	\$0	\$0		\$0	\$0
12	Transmission	\$0	\$0	\$0		\$0	\$0
13	Distribution	\$0	\$0	\$0		\$0	\$0
14	Customer	\$0	\$0	\$0		\$0	\$0
15	Total Net Plant	\$0	\$0	\$0	\$0	\$0	\$0
DEFERRED TAXES ON PLANT							
16	Energy Plant Deferred Tax						\$0
17	Transmission Plant Deferred Tax						\$0
18	Distribution Plant Deferred Tax						\$0
19	Customer Plant Deferred Tax						\$0
20	Total Plant Deferred Tax	\$0	\$0	\$0	\$0	\$0	\$0
21	Construction Work in Progress (CWIP)						\$0
22	LESS: Customer Advances						\$0
23	Net Utility Plant	\$0	\$0	\$0	\$0	\$0	\$0
24	Cash Working Capital from Lead/Lag					\$617,811	\$617,811
25	Deferred Taxes Other than Plant, M&S	\$4,294,542	\$540,106				\$4,834,648
26	Non-Utility Adjustment						\$0
27	Plant Adjustment			(\$6,633)			(\$6,633)
28	Subtotal	\$4,294,542	\$540,106	(\$6,633)	\$0	\$617,811	\$5,445,826
29	Materials and Supplies				\$853,699		\$853,699
30	Gas Storage						(\$12,594,646)
31	Regulatory Assets/Liabilities	(\$11,281,942)	(\$1,312,704)				(\$12,594,646)
32	Subtotal	(\$11,281,942)	(\$1,312,704)	\$0	\$853,699	\$0	(\$11,740,947)
33	TOTAL AVERAGE RATE BASE	(\$6,987,400)	(\$772,598)	(\$6,633)	\$853,699	\$617,811	(\$6,295,121)

MERC
Operating Income Summary
Test Year Ending December 31, 2014

Line No.	Description	Petitioner's Filing ^{1/} (a)	Total Adjustments ^{4/} (b)	ALJ Position ^{5/} (c)
UTILITY OPERATING REVENUES				
1	Natural Gas Revenue	\$257,186,462	\$47,170,753	\$304,357,215
2	Late Payment Revenue	\$525,000	\$0	\$525,000
3	Other Revenue	\$234,470	\$51,493	\$285,963
4	Total Operating Revenues	\$257,945,932	\$47,222,246	\$305,168,178
UTILITY EXPENSES				
5	Cost of Gas	\$173,412,058	\$41,446,798	\$214,858,856
6	Production	\$10,636	\$0	\$10,636
7	Gas Supply	\$704,365	\$0	\$704,365
8	Transmission	\$94,181	\$0	\$94,181
9	Distribution	\$17,894,619	(\$165,000)	\$17,729,619
10	Customer Accounts	\$11,801,783	(\$28,748)	\$11,773,035
11	Customer Services	\$927,914	\$0	\$927,914
12	Sales	\$0	\$0	\$0
13	Administrative & General	\$15,998,503	(\$861,800)	\$15,136,703
14	Depreciation	\$9,347,278	\$0	\$9,347,278
15	Amortization	\$9,656,957	\$464,979	\$10,121,936
16	Property tax	\$7,314,733	(\$118,260)	\$7,196,473
17	Other taxes	\$1,581,627	\$0	\$1,581,627
18	Other Interest Expense	\$935	\$0	\$935
19	Subtotal utility expenses	\$248,745,589	\$40,737,969	\$289,483,558
20	OPERATING INCOME BEFORE TAXES	\$9,200,343	\$6,484,278	\$15,684,621
21	State Income Taxes 9.706%	^{3/} (\$294,993)	\$629,364	\$334,371
22	Federal Income Taxes 31.603%	^{3/} \$1,839,225	\$2,049,226	\$3,888,451
23	Interest Sync	^{2/} \$98,779	\$96,080	\$194,859
24	Subtotal income taxes	\$1,643,011	\$2,774,670	\$4,417,681
25	NET OPERATING INCOME AFTER TAXES	\$7,557,332	\$3,709,607	\$11,266,939

1/ MERC Ex. ____ Vol. 3, Doc. 5, Sch. C-3 (Information Requirements).

2/ MERC Ex. ____ Vol. 3, Doc. 5, Sch. C-2 (Information Requirements) for Interest Synchronization

3/ MERC Ex. ____ Vol. 3, Doc. 8, at 5 (Information Requirements) for Income Tax detail.

4/ DOC Ex. ____ MAS-S-6 (St. Pierre Surrebutal).

5/ Columns (a) + (b).

MERC
Operating Income Adjustments
Test Year Ending December 31, 2014

Line No.	Description	Sales Forecast LBO (a)	Base Cost of Gas Update LBO (a)	CIP Rev. & Exp. MAS (b)	Property Tax MAS (c)	Pension Expense MAS (d)	Post-Ret. Medical MAS (e)	Post-Ret. Life MAS (f)	Executive Incentives MAS (g)	Bad Debt Expense MAS (h)	ICE Deferral MAS (i)	Mapping Project MAS (j)	Misc. Service MAS (k)	Rate Case Travel MAS (l)	Rate Case Amort. MAS (m)	Charitable Contributions MAS (n)	Aircraft Expense MAS (o)	Travel & Entertain. MAS (p)	Interest Synchron. MAS (q)	ALJ Total Adjustments (r)	
1	Natural Gas Revenue	\$0	\$43,412,663	\$3,768,090																\$47,170,753	
2	Late Payment Revenue																				\$0
3	Other Revenue												\$51,493								\$51,493
4	Total Operating Revenues	\$0	\$43,412,663	\$3,768,090	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,493	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$47,222,246
5	Cost of Gas	\$0	\$41,446,798																		\$41,446,798
6	Production																				\$0
7	Gas Supply																				\$0
8	Transmission																				\$0
9	Distribution																				\$0
10	Customer Accounts																				\$0
11	Customer Services																				\$0
12	Sales																				\$0
13	Administrative & General																				\$0
14	Depreciation																				\$0
15	Amortization																				\$0
16	Property tax																				\$0
17	Other taxes																				\$0
18	Other Interest Expense																				\$0
19	Subtotal utility expenses	\$0	\$41,446,798	\$475,941	(\$118,260)	(\$668,392)	(\$140,720)	\$0	(\$27,857)	\$293,478	(\$322,226)	(\$165,000)	\$0	(\$10,963)	\$0	(\$16,105)	(\$956)	(\$7,770)	\$0	\$0	\$40,737,969
20	OPERATING INCOME BEFORE TAXES	\$0	\$1,965,865	\$3,292,149	\$118,260	\$668,392	\$140,720	\$0	\$27,857	(\$293,478)	\$322,226	\$165,000	\$51,493	\$10,963	\$0	\$16,105	\$956	\$7,770	\$0	\$0	\$6,484,278
21	Federal Income Taxes 9.706%	\$0	\$190,807	\$318,965	\$11,478	\$64,874	\$13,658	\$0	\$2,704	(\$26,465)	\$31,275	\$16,015	\$4,998	\$1,064	\$0	\$1,563	\$83	\$794	\$0	\$0	\$629,564
22	Federal Income Taxes 31.603%	\$0	\$621,272	\$1,037,258	\$37,374	\$211,232	\$44,472	\$0	\$8,804	(\$92,748)	\$101,633	\$62,145	\$16,273	\$3,464	\$0	\$5,090	\$302	\$2,486	\$0	\$0	\$2,048,226
23	Interest Sync	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Subtotal income taxes	\$0	\$812,079	\$1,355,823	\$48,852	\$276,106	\$58,130	\$0	\$11,507	(\$121,233)	\$133,108	\$88,160	\$21,271	\$4,528	\$0	\$6,653	\$395	\$3,210	\$96,080	\$0	\$2,774,670
25	NET OPERATING INCOME AFTER TAXES	\$0	\$1,153,786	\$1,926,326	\$69,408	\$392,286	\$82,590	\$0	\$16,350	(\$172,245)	\$189,118	\$86,840	\$30,222	\$6,434	\$0	\$9,452	\$561	\$4,560	(\$96,080)	\$0	\$3,709,607

() = Reduction.

MERC
Interest Synchronization Adjustment
Test Year Ending December 31, 2014

Line No.	Petitioner's Filing ----- (a)	DOC Position ----- (b)	ALJ Interest Sync Adjustment ----- (c)
1 Rate Base	\$198,314,568 1/	\$192,019,447 10/	(\$6,295,121)
2 Weighted Cost of Short- & Long-term Debt	<u>2.6008% 2/</u>	<u>2.6008%</u>	
3 MERC-MN Interest	\$5,157,779 3/	\$4,994,042	(\$163,737)
4 Interest included in income tax accruals	<u>\$5,326,082 4/</u>	<u>\$5,326,082</u>	\$0
5 Additional interest allowed (denied)	(\$168,303)	(\$332,040) 5/	(\$163,737)
6 Tax effect of interest allowed (denied)	\$98,779	\$194,859 6/	\$96,080

1/ MERC Ex. ____ Vol. 3, Doc. 2, Sch. B-1 (Information Requirements).
2/ MERC Ex. ____ Vol. 3, Doc. 5, Sch. C-2 (Information Requirements).
3/ Lines (1) x (2).
4/ MERC Ex. ____ Vol. 3, Doc. 5, Sch. C-2 (Information Requirements).
5/ Lines (3) - (4).
6/ Line (5)/1.704.

MERC
Cash Working Capital (CWC) Adjustment
Test Year Ending December 31, 2014

Line No.	Description	MERC Test Year Expense	1/ Adjustments	DOC Expense	DOC Adjusted Expenses	MERC Expense per day using 365 days per Year-1/	DOC Expense per day using 365 days per Year	MERC # of Lead Days 1/	MERC # of Lag Days 1/	MERC Net Lag dollars 1/	DOC Net Lag dollars	MERC Net lag dollars 1/	DOC Net lag dollars	DOC CWC Adj. MERC
		(a)	(b)	(c)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(k)	(l)	(l)
	Total MERC Operating Expense:													
1	Purchase Gas Expense	\$173,412,058	\$41,446,798	\$214,858,856		\$475,102	\$688,654	44.3	40.2	4.1	\$2,413,483	\$1,928,190	\$485,293	
2	Internal Payroll Excluding Incentive	\$13,056,431	(\$315,202) 4/	\$12,741,229		\$35,771	\$34,907	44.3	13.0	31.2	\$1,089,113	\$1,117,461	(\$28,348)	
3	Payroll Taxes	\$1,588,788		\$1,589,788		\$4,356	\$4,356	44.3	14.0	30.2	\$131,539	\$131,710	(\$171)	
4	MERC Internal Incentive Plan	\$888,744	(\$14,823) 4/	\$673,921		\$1,887	\$1,846	44.3	248.5	(204.2)	(\$377,027)	(\$385,988)	\$8,371	
5	O&M Expense Paid to Affiliates ex. interest	\$24,902,143		\$24,902,143		\$68,225	\$68,225	44.3	35.2	9.1	\$620,848	\$617,447	\$3,401	
6	Other O&M Expense	\$8,810,073	(\$725,523) 4/	\$9,084,550		\$24,137	\$22,149	44.3	30.0	14.3	\$316,737	\$344,160	(\$27,423)	
7	Total CWC Deficit (Available)	\$222,459,237	\$40,391,250	\$262,850,487		\$609,478	\$720,138				\$4,194,693	\$3,783,569	\$441,124	
8	Operating Expense in MERC's income statement	\$222,459,237		\$262,850,487										
9	Difference amount allocated to MI in rate base	\$25,390	7/											
10	Property Tax	\$7,314,733	(\$118,260)	\$7,196,473		\$20,040	\$19,716	44.3	409.3	(365.0)	(\$7,196,473)	(\$7,314,733)	\$118,260	
11	State Income Taxes: Current + deficiency	\$1,186,701	8/	(\$325,585)	\$861,116 2/	\$3,251	\$2,359	44.3	54.3	(10.01)	(\$23,616)	(\$32,678)	\$9,062	
12	Federal Income Taxes: Current + deficiency	\$6,663,789	8/	(\$1,050,259) 5/	\$5,603,530 3/	\$18,257	\$15,352	44.3	62.0	(17.7)	(\$271,733)	(\$322,351)	\$50,598	
13	Total Income Taxes	\$7,850,490	(\$1,385,844)	\$6,464,646							(\$7,491,822)	(\$7,689,743)	\$177,920	
14	Net CWC (Available) Deficit													
	Total CWC Deficit (Available)													
	MN allocator													
	MERC MIN													

1/ MERC Ex. ___ at 6 (SSD-21) (DeMerritt Direct)
 2/ DOC's State Tax adjustments +[DOC's increased or (decreased) Gross Revenue Deficiency X 0.097061]
 3/ DOC's Federal Tax adjustments +[DOC's increased or (decreased) Gross Revenue Deficiency X 0.31603]
 4/ DOC Ex. __, MAS-S-9 (St. Pierre Surrebuttal).
 5/ col. (b) = col. (c) - col. (e)
 6/ The Department calculated the number of days based on MERC's percentages as follows: (365 days x MERC's %) /100
 7/ DOC Ex. __, MAS-8a (St. Pierre Direct)
 8/ MERC Ex. ___ at 5 (SSD-21) (DeMerritt Direct)

MERC
Cash Working Capital Workpaper
Test Year Ending December 31, 2014

Line No.	Description	Petitioner's O&M	
		Expenses (a)	% of Total (b)
1	Internal Payroll Excluding Incentive	\$14,646,219 1/	29.86% 2/
2	MERC Internal Incentive Plan	\$688,744 1/	1.40% 3/
3	All Other O&M Expense	\$33,712,216 1/	68.73% 4/
4	Total	\$49,047,179	100.00%
		Expense Adjustments 5/	
5	Production	\$0	
6	Gas Supply	\$0	
7	Transmission	\$0	
8	Distribution	(\$165,000)	
9	Customer Accounts	(\$28,748)	
10	Customer Services	\$0	
11	Sales	\$0	
12	Administrative & General	(\$861,800)	
13	Total	(\$1,055,548)	
14	Internal Payroll Excluding Incentive	(\$315,202) 6/	
15	MERC Internal Incentive Plan	(\$14,823) 7/	
16	All Other O&M Expense	(\$725,523) 8/	
17	Total	(\$1,055,548) 9/	

- 1/ DOC Ex. ____ MAS-S-8, Col. (a), (St. Pierre Surrebuttal).
2/ Lines (1)/(4).
3/ Lines (2)/(4).
4/ Lines (3)/(4).
5/ DOC Ex. ____ MAS-S-8, Col. (b) (St. Pierre Surrebuttal).
6/ Line (13)*(0.2986).
7/ Line (13)*(0.0140).
8/ Line (13)*(0.6873).
9/ Sum Lines (14), (15), (16).

MERC
Bad Debt Expense Adjustment
Docket No. G011/GR-13-617

Line No.	2011 Test Year Commission Approved	2011 Actual	2012 Actual	2013 Actual	2014 Test-year Forecast	ALJ Recommended	ALJ Recommended	Difference DOC Recommended adjustment
1	Bad Debt	1/ \$2,031,888	2/ \$1,984,374	2/ \$1,313,501	3/ \$1,481,318	4/ \$1,765,884	4/ \$1,593,064	\$2,059,362
2	Tariffed Revenues							
3	Summary of Tariffed Revenues							
4	Tariffed Revenues							
5	Less Michigan revenue							
6	Tariffed Revenues MN jurisdiction							
7	Margin adjustment							
8	Base cost of gas update 9/							
9	Plus: DOC's revenue deficiency							
10	Total tariffed revenues plus revenue deficiency							
10	% of Tariffed Revenues		0.777366%	0.654342%	0.549760%	0.650401%		0.656877% 8/
11	Increase (decrease)			-0.123024%	-0.104582%	0.100641%		

\$293,478

\$257,506,848 7/
-\$320,386
\$257,186,462
\$1,965,865
\$41,446,798
\$12,000,000
\$312,599,125

1/ MERC's response to OAG IR 122
2/ MERC Ex. ___ SSD-4 (Demeritt Direct).
3/ DOC Ex. ___ MAS-24 (St. Pierre Direct).
4/ MERC Ex. ___ SSD-4 (DeMerritt Direct).
5/ \$257,506,848 + MERC's estimated revenue deficiency of \$14,000,000.
6/ \$257,506,848 + DOC's revenue deficiency from DOC Ex. ___ at MAS-S-2 (St. Pierre Surrebuttal).
7/ MERC Ex. ___ SSD-4 (DeMerritt Direct).
8/ The 2013 uncollectible rate = \$1,593,064/\$241,817,826
9/ April 15, 2014, Docket No. G011/MR-13-732. DOC Ex. ___ at 9-12 (Otis Surrebuttal).