

## #2 Minnesota Energy Resources Corporation

### Petition of Minnesota Energy Resources Corporation (MERC) for Approval of 2020 Gas Utility Infrastructure Cost (GUIC) Rider Revenue Requirement and Revised Surcharge Factor (G011/M-19-282) May 7, 2020

Decision alternatives from Commissioner Tuma

Additional decision options:

#### Incremental Cost Recovery Adjustment

13. Approve MERC's proposal to address the depreciation expense adjustment in the true-up reconciliation as consistent with the GUIC statute and the Commission decision in the Company's 2019 GUIC rider. ~~{MERC}~~ Require MERC to include a detailed description and accounting of all actual depreciation base rate adjustments for each project that is included in their GUIC-Rider in any future GUIC-Rider filing or rate case for the purpose of setting adjustments estimates in future GUIC-Rider factors.

#### Right-of-Way Project Costs

20A. Determine that MERC's proposal to use a historical test year to estimate the right-of-way project costs is **not** acceptable and require MERC to continue to use the three-year average as established in the 2019 GUIC-Rider order.

OR

20B. Determine that MERC's proposal to use a historical test year to estimate the right-of-way project costs is **not** acceptable and require MERC to use a five-year average.

#### Obsolete Materials Replacement Project

22. Set the estimated cost for the Obsolete Materials Project costs at \$5.2 million, a \$~~2~~ 1.8 million reduction to MERC's proposed total estimate of \$7 million. This amount reflects using the higher end of the range of the actual per-unit cost (\$43.00) MERC experienced in 2015. (See page 28 Staff Briefing Papers) ~~{Department}~~

#### Proposed Revisions to Sales Forecast

27. Require MERC to use actual weather-normalized 2019 sales in setting the 2020 GUIC rider rate to account for increased growth in Rochester consistent with the methodology used in the 2019 GUIC Rider. ~~{Department}~~