



Minnesota Energy Resources Corporation
2685 145th Street West
Rosemount, MN 55068
www.minnesotaenergyresources.com

August 10, 2020

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

VIA ELECTRONIC FILING

Re: In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota, Docket No. G011/GR-17-563

Reply Comments of Minnesota Energy Resources Corporation

Dear Mr. Seuffert:

Minnesota Energy Resources Corporation ("MERC" or the "Company") submits these Reply Comments in response to the July 30, 2020, Comments filed by the Department of Commerce, Division of Energy Resources (the "Department") in the above-referenced docket.

Background

Order Point 27 of the Minnesota Public Utilities Commission's ("Commission's") December 26, 2018, Findings of Fact, Conclusions and Order in Docket No. G011/GR-17-563 ("2017 Rate Case Order"), required that MERC provide the following information in a compliance filing:

- a. the business case, design plans, and implementation plan for extension of Improved Customer Experience (ICE) to other WEC legacy utilities within 90-days of completion of the exploration project;
- b. a detailed discussion of costs and benefits to MERC of the roll-out to other utilities;
- c. a discussion of any work avoided by the WEC legacy utilities due to initial development of the ICE customer platform for legacy Integrys utilities;
- d. a discussion of the extent to which the allocations of costs (according the WEC affiliated interest agreement – AIA) captures the costs and benefits to the participating utilities;
- e. a cost recovery proposal to return all appropriate amounts to MERC customers if, following roll out to MERC's affiliates, the AIA itself does not ensure that MERC ratepayers do not pay a disproportionate share of ICE.

MERC submitted its compliance filing in accordance with the 2017 Rate Case Order on October 4, 2019 (the "Compliance Filing").

In its comments of July 30, 2020, the Department concluded that MERC has satisfied the requirements of Order Point 27 (a) through (d), and recommended that the Commission accept MERC's Compliance Filing pending the submission of further information from the Company. Specifically, the Department requested that:

...MERC should discuss why Value Line is appropriate to include in that list, as it is a subscription service, not an off-the-shelf or internally-developed software application. Additionally, iAvenue and Aspect Work Force Manager appear to be customer relations management and call center software, respectively. MERC should provide clarification as to why these applications are not duplicative of functionalities within the ICE platform.

MERC thanks the Department for its reasoned review of the Company's Compliance Filing and provides the requested information below.

Value Line Financial Market Valuation

The Value Line Financial Market Valuation software is an off-the-shelf software package, not a subscription service. We Energies originally acquired licenses for this software prior to the acquisition of Integrys Energy Group, Inc. This software continues to be used by WEC for inflation forecasting and market analysis. MERC did not possess Value Line or the Financial Market Valuation software prior to the WEC acquisition and now benefits from its functionality for inflation forecasting (e.g., budgeting) and market analysis (e.g., rate case rate of return analysis).

iAvenue and Aspect Work Force Manager

iAvenue and Aspect are indeed customer relations management ("CRM") and call center management software respectively, and their functionalities overlap with the ICE platform. They were included on the list provided because these We Energies applications bring additional incremental value beyond what is provided by the ICE platform. The iAvenue CRM includes richer functionality than that originally provided in ICE, and MERC is now able to make use of that functionality post-merger. iAvenue manages contacts and other business information about larger commercial and industrial customers. Features above and beyond standard ICE capabilities include Outlook integration for email communication and interaction/task tracking to better manage customer relationships.

In the case of Aspect, prior to the merger, legacy Integrys and We Energies each had their own implementations of this software. Post-merger, the go-forward solution synergized the best of both. Thus, while MERC was using its own implementation of the software in addition to ICE pre-acquisition, the enhancements provided by We Energies did result in additional incremental enhancements that were shared with MERC at no additional cost. Standard practices for scheduling and managing call center resources across all of WEC have been configured in Aspect. This allows for backup and support from the enterprise-wide call center network if/when needed, ultimately enabling more timely and reliable call center services for MERC customers.

Summary

In its Comments, the Department stated that it would make a recommendation regarding Order Point (e) following receipt of MERC's reply comments. MERC believes that it has met its burden via the documentation provided in its Compliance Filing as well as that provided herein. The information provided in the Company's Compliance Filing, in response to Department discovery, and in these Reply Comments support the conclusion that (1) the affiliated interest agreement is adequate to ensure that MERC ratepayers do not pay a disproportionate share of ICE, and (2) that there should be no reallocation of MERC's share of ICE costs incurred prior to the We Energies' implementation. Finally, MERC agrees with the Department that the reasonableness of the overall costs of We Energies' CS2022 implementation and the allocation of those project costs to MERC, if any, will be subject to review in MERC's next rate case filing.

Please contact me at mary.wolter@wecenergygroup.com or at (414) 221-2374 if you have any questions.

Sincerely,



Mary L. Wolter
Director-Gas Regulatory Planning & Policy

cc: Service List

In the Matter of the Application of
Minnesota Energy Resources Corporation
for Authority to Increase Rates for Natural
Gas Service in Minnesota

Docket No. G011/GR-17-563

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 10th of August, 2020, on behalf of Minnesota Energy Resources Corporation, I electronically filed a true and correct copy of the enclosed Reply Comments on www.edockets.state.mn.us. Said document was also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 10th of August, 2020.

/s/ Kristin M. Stastny
Kristin M. Stastny

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official
Jessica L	Bayles	Jessica.Bayles@stoel.com	Stoel Rives LLP	1150 18th St NW Ste 325 Washington, DC 20036	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official
Elizabeth	Brama	ebrama@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-563_OFF_SL_17-563_Official
Riley	Conlin	riley.conlin@stoel.com	Stoel Rives LLP	33 S. 6th Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official
Darcy	Fabrizius	Darcy.fabrizius@constellation.com	Constellation Energy	N21 W23340 Ridgeview Pkwy Waukesha, WI 53188	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official
Daryll	Fuentes	dfuentes@usg.com	USG Corporation	550 W Adams St Chicago, IL 60661	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-563_OFF_SL_17-563_Official
Gregory	Jenner	greg.jenner@stoel.com	Stoel Rives LLP	33 South Sixth Street Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Michael	Krikava	mkrikava@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Carmel	Laney	carmel.laney@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Catherine	Phillips	Catherine.Phillips@wecenergygroup.com	Minnesota Energy Resources	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_17- 563_OFF_SL_17- 563_Official
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Adam	Schurle	adam.schurle@stoel.com	Stoel Rives LLP	33 South Sixth Street, Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_17- 563_OFF_SL_17- 563_Official
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	Yes	OFF_SL_17- 563_OFF_SL_17- 563_Official
Colleen	Sipiorski	Colleen.Sipiorski@wecenergygroup.com	Minnesota Energy Resources Corporation	700 North Adams St Green Bay, WI 54307	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Cari	Snaza	cari.snaza@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 55155	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official
Casey	Whelan	cwhelan@kinectenergy.com	Kinect Energy Group	605 Highway 169 N Ste 1200 Plymouth, MN 55441	Electronic Service	No	OFF_SL_17- 563_OFF_SL_17- 563_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_17-563_OFF_SL_17-563_Official