

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Dan Lipschultz	Commissioner
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John A. Tuma	Commissioner

In the Matter of Minnesota Energy Resources Corporation's Request for Approval of a Gas Utility Infrastructure Cost Rider

ISSUE DATE: April 25, 2019

DOCKET NO. G-011/M-18-281

ORDER APPROVING COMPLIANCE FILING

PROCEDURAL HISTORY

On April 13, 2018, Minnesota Energy Resources Corporation (MERC or the Company) filed a petition to establish a rider to recover gas utility infrastructure costs under Minn. Stat. § 216B.1635. Under MERC's proposal, the rider would begin operation in 2019, with a 2019 revenue requirement of approximately \$3.64 million.

On February 5, 2019, the Commission issued its Order Approving Gas Utility Infrastructure Cost Rider with Modifications and Requiring Compliance Filing.

On February 7, 2019, MERC submitted its compliance filing as required by the February 5 order.

On February 20, 2019, the Minnesota Department of Commerce, Division of Energy Resources (the Department) filed comments stating that the Department "cannot recommend approval of the compliance tariff" because it did not contain the information required by statute.

On March 1, 2019, MERC filed reply comments responding to the Department's comments.

On April 1, 2019, the Commission met to consider the compliance filing.

FINDINGS AND CONCLUSIONS

Minn. Stat. § 216B.1635 allows utilities to seek rider recovery of gas utility infrastructure costs (GUIC).¹ The statute requires that a utility requesting a GUIC rider must file a petition and project plan report containing information about the projects and costs proposed for recovery,

¹ GUIC are costs incurred in gas utility projects that are in-service but were not included in the utility's rate base in its most recent general rate case.

including project description and scope, estimated costs, and in-service date.² The Commission may approve a GUIC rider if the costs proposed for recovery through the rider are prudently incurred and achieve gas facility improvements at the lowest reasonable and prudent cost to ratepayers.³

In its February 5 order approving MERC's GUIC rider, the Commission found that the information MERC submitted in its petition complied with the GUIC statute. The order explained that MERC's use of estimates for certain project costs is contemplated in the statute, and that the annual true-up will eliminate "any possibility that forecasting will result in overrecovery."⁴ The Commission required MERC to submit a compliance filing containing the following information:

- Revised tariff language,
- A calculation of the authorized GUIC revenue requirement,
- A new GUIC rider rate factor,
- A new proposed effective date for the rider and a plan for implementing the new rate factor, and
- A revised customer bill message and a bill insert explaining the change in rates.

MERC submitted its February 7 filing to comply with those requirements.

In its February 20 comments on MERC's compliance filing, the Department reiterated its previous arguments about MERC's initial petition. The Department argued that MERC should only be allowed to begin charging ratepayers for costs of qualifying projects "after MERC provides the information required by the GUIC Statute,"⁵ specifically the information listed in Minn. Stat. § 216B.1635, subs. 3–4.

MERC responded that the Department's comments were untimely, and that the Commission already considered and rejected the Department's arguments in its February 5 order.

The Commission finds that MERC's February 7 compliance filing contains the information required by the February 5 order. Therefore, the Commission will approve the compliance filing.

As for the information required by Minn. Stat. § 216B.1635, subs. 3–4, the February 5 order explains that MERC "generally is not informed of future right-of-way relocation work with enough lead time to include specific projects in its forecasts."⁶ MERC therefore submitted estimates of its right-of-way relocation costs based on historic spending. When MERC submits its annual GUIC true-up filing, it will submit the project-specific information required by Minn. Stat. § 216B.1635, subs. 3–4, at which point the Commission will review the projects and costs for reasonableness and prudence.

² Minn. Stat. § 216B.1635, subd. 3; *see also* Minn. Stat. § 216B.1635, subd. 4.

³ Minn. Stat. § 216B.1635, subd. 5.

⁴ February 5 order at 6.

⁵ Department comments at 3 (February 20, 2019).

⁶ February 5 order at 6.

ORDER

1. The Commission approves the Company's compliance filing submitted on February 7, 2019.
2. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf
Executive Secretary



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