



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

December 23, 2025

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

VIA ELECTRONIC FILING

Re: Additional Reply Comments of Minnesota Energy Resources Corporation

In the Matter of the Petition of Minnesota Energy Resources Corporation for
Approval of a Change in Demand Entitlement for its NNG System, Docket No.
G011/M-25-68

In the Matter of the Petition of Minnesota Energy Resources Corporation for
Approval of a Change in Demand Entitlement for its Consolidated System,
Docket No. G011/M-25-69

Dear Ms. Bergman:

On December 16, 2025, the Department of Commerce, Division of Energy Resources (the "Department") filed Comments in the above-referenced dockets recommending that the Minnesota Public Utilities Commission (the "Commission") accept Minnesota Energy Resources Corporation's ("MERC's" or the "Company's") proposed level of demand entitlement and allow MERC to recover the associated demand costs through the monthly Purchased Gas Adjustment ("PGA") effective November 1, 2025 for both the MERC-NNG and MERC-Consolidated demand entitlement filings. Additionally, in its prior comments filed on September 2, 2025, the Department recommended approval of the Company's Design-Day Analyses for both MERC-NNG and MERC-Consolidated.

MERC thanks the Department for its review and agrees with the Department's recommendations that the Commission approve the Company's Design-Day analyses, accept the Company's proposed level of demand entitlement, and allow MERC to recover the associated demand cost through the respective monthly NNG and Consolidated PGAs effective November 1, 2025.

Regarding MERC-NNG's future capacity outlook, the Department noted that pursuant to Minn. R. 7825.2910, subp. 2 the prudence of the proposed NNG capacity expansion project, and/or future capacity, can only be reviewed for reasonableness when MERC files the required petition pursuant to Minn. R. 7825.2910, subp. 2 when there is a change in the demand levels. The Department further stated that advanced determination on the proposed expansion project and/or future capacity cannot be made in the current proceeding.

The Company appreciates the Department's analysis and review of MERC-NNG's future capacity outlook and the proposed NNG pipeline expansion, under which MERC plans to obtain additional capacity to meet customer needs.¹ The Company acknowledges the Department's citation to Minn. R. 7825.2910, subp. 2, which establishes a process for Commission review of a change in demand. While MERC did not request a preapproval of the NNG capacity expansion in this proceeding, the Company believes that review of the reasonableness of the proposed capacity expansion can occur before the incremental capacity is in service and prior to implementing new rates incorporating the cost of the incremental capacity.

MERC has endeavored to provide necessary details to support the alternatives evaluated, the need for the proposed capacity expansion, and the associated costs in this proceeding to ensure the Department and other interested parties have sufficient time to allow for the review of the prudence and reasonableness of the proposed capacity expansion prior to implementation of new rates, in accordance with Commission direction in prior dockets involving significant pipeline expansion projects.² As stated in MERC's October 31, 2025 filing, MERC will continue to provide updates in this docket. When MERC files its Demand Entitlement filings in 2026, the Company will provide updates in that future docket.

Lastly, with respect to the ANR Pipeline ("ANR") and Great Lakes Gas Transmission ("GLGT") rate case proceedings pending with the Federal Energy Regulatory Commission ("FERC"), the Department noted in its December 16, 2025 Comments that MERC did not provide the requested update in its October 31, 2025 demand entitlement update. MERC notes that there have been no developments in either of these FERC rate case proceedings and both dockets remain in settlement negotiations at this time. Additionally, MERC does not anticipate the pending ANR rate case will have any impacts on its ANR contract costs.

MERC thanks the Department for its review and analysis, and agrees with the Department's recommendation that the Commission approve MERC's design-day analysis, accept MERC's proposed level of demand entitlement for both MERC-NNG and MERC-Consolidated, and allow MERC to recover the associated demand costs through the monthly PGA effective November 1, 2025.

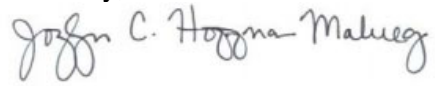
Please contact me at (414) 221-4208 if you have any questions. Thank you for your attention to this matter.

¹ In addition to the information provided in MERC's August 1, 2025 and October 31, 2025 filings, the Company responded to a number of discovery requests from the Department related to the proposed capacity expansion project.

² *In the Matter of a Petition by Minnesota Energy Resources Corporation for Evaluation and Approval of Rider Recovery for Its Rochester Natural Gas Extension Project*, Docket No. G011/M-15-895, Order Approving Rochester Project and Granting Rider Recovery with Conditions, at Order Point 3 (May 5, 2017) ("The Commission grants MERC's requested preapproval to recover the cost of Northern Natural Gas (NNG) upgrades of \$55 to \$60 million through its MERC-NNG Purchased Gas Adjustment (PGA) until the Company's next rate case."); *In the Matter of a Petition by CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas for Approval to Change its Level of Demand Units*, Docket No. G008/M-20-565, Order Accepting Demand Entitlement Level and Disallowing Recovery of Certain Costs at Order Point 5 ("CenterPoint must file requests of this nature so that the Department and other interested parties have sufficient time to allow for the review of the prudence of the costs prior to the implementation of the proposed, new rates.").

Ms. Sasha Bergman
December 23, 2025
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Sincerely,

A handwritten signature in black ink that reads "Joylyn C. Hoffman Malueg". The signature is written in a cursive style with a large, stylized "J" and "M".

Joylyn Hoffman Malueg
Senior Project Specialist
Minnesota Energy Resources Corporation

cc: Service List

In the Matter of the Petition of Minnesota Energy
Resources Corporation for Approval of a Change
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CERTIFICATE OF SERVICE

I, Colleen T. Sipiorski, hereby certify that on the 23rd day of December 2025, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Additional Reply Comments on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 23rd day of December 2025.

/s/ Colleen T. Sipiorski

Colleen T. Sipiorski

Last Name	First Name	Email	Organization	Agency	Delivery M	Alternate E	View Trade	Service List Name
Ahern	Michael	ahern.michael@dorsey.com	Dorsey & Whitney, LLP		Electronic Service	No		M-25-68
Bull	Mike	mike.bull@state.mn.us		Public Utili	Electronic Service	Yes		M-25-68
Commerce Attorneys	Generic	commerce.attorneys@ag.state.mn.us		Office of th	Electronic Service	Yes		M-25-68
Ferguson	Sharon	sharon.ferguson@state.mn.us		Departmer	Electronic Service	No		M-25-68
Fuentes	Daryll	energy@usg.com	USG Corporation		Electronic Service	No		M-25-68
Hoffman Malueg	Joylyn C	joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources		Electronic Service	No		M-25-68
Moratzka	Andrew	andrew.moratzka@stoel.com	Stoel Rives LLP		Electronic Service	No		M-25-68
Phillips	Catherine	catherine.phillips@wecenergygroup.com	Minnesota Energy Resources		Electronic Service	No		M-25-68
Residential Utilities Division	Generic Notice	residential.utilities@ag.state.mn.us		Office of th	Electronic Service	Yes		M-25-68
Schmiesing	Elizabeth	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.		Electronic Service	No		M-25-68
Stasik	Richard	richard.stasik@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		Electronic Service	No		M-25-68
Stastny	Kristin	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP		Electronic Service	No		M-25-68
Wuyts	Tina E	tina.wuyts@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		Electronic Service	No		M-25-68