



Minnesota Energy Resources Corporation
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March 7, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

VIA ELECTRONIC FILING

Re: Reply Comments of Minnesota Energy Resources Corporation

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of Proposed Tariff Amendments to Remove Volume Balancing Service and Modify Residential Deposit Provisions

Docket No. G011/M-19-108

Dear Mr. Wolf:

On February 25, 2019, the Department of Commerce, Division of Energy Resources (the "Department") filed Comments in the above-referenced docket in response to Minnesota Energy Resources Corporation's ("MERC" or the "Company") Petition for Approval of Tariff Amendments to Remove Volume Balancing Services and to Modify Residential Deposit Rates ("Petition"). In its Comments, the Department recommends that the Minnesota Public Utilities Commission (the "Commission") take the following actions on MERC's Petition:

- Approve MERC's proposal to remove the volume balancing service offerings from its tariffed service offerings.
- Deny MERC's proposal to increase the maximum residential customer deposit amount.
- Approve MERC's proposal to remove the outdated "exception" language in its deposit provisions.

MERC thanks the Department for its review and submits these Reply Comments in response to the Department's recommendations. The Company agrees with the Department's recommendations to approve MERC's proposal to remove the volume balancing service offerings and MERC's proposal to remove the outdated "exception" language in its deposit provisions. MERC, however, disagrees with the Department's recommendation to deny the Company's proposal to increase the maximum Residential customer deposit amount. That proposal is reasonable and appropriate to assure

customer payment of bills and is necessary to allow MERC to assess deposits for Residential customers using processes that are consistent with the other utilities within WEC Energy Group.

In its Comments, the Department “concludes that MERC’s reasons for its proposal to increase the maximum residential customer deposit amount do not have a meaningful connection to the need for this modification.”¹ In reaching this conclusion, the Department states that “[i]ncreasing the maximum deposit amount from one to two months’ worth of estimated or existing billings has the potential to place an additional, and seemingly unnecessary, burden on a vulnerable customer group.”²

While the Company is sensitive to the overall impacts of placing additional financial burdens on Residential customers, MERC disagrees with the Department’s suggestion that the proposed increase to the deposit amount is unreasonable. While the Company’s proposal will increase the burden on Residential customers who are subject to having to pay a deposit, that additional burden is not unreasonable. All other Minnesota natural gas utilities currently apply the maximum two months’ gross bill or existing two months’ bill for Residential deposits³; neither the Department nor the Commission has suggested that practice is unreasonable with respect to the Residential customers of the other utilities in the state.

Additionally, MERC notes that the Company does not assess deposits on low-income customers. Therefore, the Department’s concern that vulnerable customers will be unreasonably harmed by the proposed modification is minimized. In MERC’s experience, customers who are assessed a deposit are often those who can afford to pay but have poor payment practices. The threat of a significant deposit is often enough of a deterrent to inspire better payment practices, and the assessment of a deposit guarantees better payment practices so the customer can get their deposit back.

MERC’s reasons for its proposal are supported by the need for the proposed modification. The change to the Residential deposit amount is necessary for MERC to be able to assess deposits for Residential customers in accordance with the same practices applicable to the other WEC Energy Group utilities. The proposal is also supported by the stated purpose of customer deposits—to assure customer payments for customers who have had their service disconnected for nonpayment of bills.⁴

¹ Department Comments at 3.

² Department Comments at 4 (emphasis added).

³ See Petition at 4.

⁴ Minn. R. 7820.4500.

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MERC continues to support the reasonableness of its request to update the Company's Residential deposit practices to conform the maximum amount of deposit to be required between Residential and non-Residential customers and to be consistent with Minn. R. 7820.4500. The proposed modification is reasonable, allowable by law, and consistent with standard practice of allowing natural gas utility tariff provisions addressing Residential deposits in the same way proposed by MERC in this proceeding. MERC, therefore, continues to respectfully request that the Commission approve the Company's January 25, 2019, Petition in its entirety.

Please contact me at (920) 433-2926 if you have any questions regarding the information in this filing. Thank you for your attention to this matter.

Sincerely,



Seth S. DeMerritt
Minnesota Energy Resources Corporation
Senior Project Specialist

cc: Service List

In the Matter of the Petition of Minnesota
Energy Resources Corporation for
Approval of Proposed Tariff Amendments
to Remove Volume Balancing Service and
Modify Residential Deposit Provisions

Docket No. G011/M-19-108

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 5th of March, 2019, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed 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 5th day of March, 2019.

/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_19-108_M-19-108
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-108_M-19-108
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Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_19-108_M-19-108
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_19-108_M-19-108