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

May 30, 2025

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

VIA ELECTRONIC FILING

Re: 2024 Revenue Decoupling Mechanism Adjustment Calculation and Decoupling Evaluation Report

Docket No. G011/M-25-52

Dear Mr. Seuffert:

Minnesota Energy Resources Corporation ("MERC" or the "Company") respectfully submits the enclosed 2024 Revenue Decoupling Evaluation Report and Revenue Decoupling Mechanism ("RDM") adjustment calculation for the Residential RDM rate effective June 1, 2025.

This RDM adjustment and 2024 Revenue Decoupling Evaluation Report are submitted in accordance with MERC's Minnesota Public Utilities Commission ("Commission") approved Tariff Sheet Nos. 7.17 – 7.19 and Commission orders, including most recently, the Commission's November 14, 2023 Order Accepting Agreement Setting Rates and Updating Base Cost of Gas in Docket No. G011/GR-22-504, which extended MERC's revenue decoupling for three years, through 2025.

In accordance with the Commission's orders and MERC's tariffs, no later than June 1 of each year, MERC is required to file a calculation of the RDM adjustments, including any applicable reconciliation adjustments, to be effective with bills rendered on and after June 1 for each customer class that is subject to decoupling. Additionally, no later than June 1 each year, MERC is required to file a Decoupling Evaluation Report for the preceding calendar year, with information required by the Commission in Docket Nos. G011/GR-15-736, G011/GR-17-563, and G011/M-20-332. Consistent with Ordering Paragraph 3 of the Commission's February 6, 2019, Order in Docket Nos. G011/GR-10-977 and G011/GR-15-736, MERC is submitting this filing in a separate docket.

Included with this filing are the following attachments:

- **Attachment A:** Annual amount of revenue over/under collected for the Residential customer class through the RDM during the evaluation period, before and after any adjustments to reflect the cap. Supporting detail of monthly sales and number of customers is included. In accordance with the Commission's August 17, 2016, Order in Docket No. G011/GR-10-977 and March 8, 2021, Order in Docket No. G011/M-20-332, MERC also includes the Residential reconciliation adjustment calculations for the 2022

RDM, which was in effect June 1, 2023 through May 31, 2024. A monthly tracker reconciling actual Residential billed refunds/surcharges against the approved decoupling refund/surcharge amount is provided in Attachment A, page 7 of 7.

- **Attachment B:** Attachment B provides the data responsive to the Commission's October 31, 2016, Order in Docket No. G011/GR-15-736, requiring MERC to include an analysis of the financial consequences for ratepayers and MERC of extending decoupling to each customer class with more than 50 customers. Attachment B provides a calculation of each class's revenues with no decoupling, under full decoupling (both with and without a 10 percent cap), and under a Weather Normalized Decoupling (both with and without a 10 percent cap). This attachment contains a tab that represents each year. Additionally, this attachment reflects customers and sales by MERC's new customer classes as approved by the Commission in Docket No. G011/GR-17-563, beginning in 2018. Attachment B also provides data responsive to the Commission's December 1, 2017 Order in Docket No. G011/GR-15-736, which required MERC to include in its 2017 decoupling report an analysis of how extending the RDM to other customer classes would impact overall rates for the period 2013-2017. Attachment B is being filed concurrently in Excel format.

- **Attachment C:** Attachment C provides a table showing the calculation of all past RDM factors, including over/under collections of revenues, forecasted sales, and net surcharges/(refunds) for each decoupled class and for the utility as a whole.

- **Attachment D:** Attachment D provides clean and redlined tariff sheets reflecting the revenue decoupling adjustment effective June 1, 2025.

Please contact me at (414) 221-4208 or Joylyn.hoffmanmalueg@wecenergygroup.com if you have any questions regarding the information in this filing. Thank you for your attention to this matter.

Sincerely,

Joylyn C. Hoffman Malueg

Joylyn Hoffman Malueg
Senior Project Specialist
Minnesota Energy Resources Corporation

Enclosures
cc: Service List

Minnesota Energy Resources Corporation's 2024 Annual Revenue Decoupling Evaluation Report

May 30, 2025

Minnesota Energy Resources Corporation 2024 Annual Revenue Decoupling Mechanism Evaluation Report

Table of Contents

AA. Evaluation Overview and History of MERC’s Decoupling Mechanism

AA. Evaluation Overview and History of MERC's Decoupling Mechanism

In 2007, the Minnesota Legislature enacted Minn. Stat. § 216B.2412, which required the Minnesota Public Utilities Commission ("Commission") to establish criteria and standards for decoupling of energy sales from revenues. Section 216B.2412 also authorized the Commission to approve one or more pilot programs to assess the merits of decoupling as a means of achieving energy savings. In 2009, the Minnesota Legislature amended Minn. Stat. § 216B.2412 to provide the Commission with additional procedural options to establish criteria and standards with respect to decoupling pilot programs.

On June 19, 2009, in Docket No. E,G999/CI-08-132, the Commission issued an Order Establishing Criteria and Standards to be Utilized in Pilot Proposals for Revenue Decoupling, concluding that "the most promising approach is to examine the pilot proposals that will be submitted based on the criteria and standards established by this Order. After implementation and review of these pilot projects, utilities will be in the position to tackle the details of implementing an effective decoupling program."

Minnesota Energy Resources Corporation ("MERC" or the "Company") first proposed a revenue decoupling pilot in its 2010 rate case in Docket No. G007,011/GR-10-977. The Commission approved a three-year revenue decoupling pilot effective January 1, 2013, and required the Company to submit annual evaluations in its July 13, 2012, Findings of Fact, Conclusions, and Order and December 21, 2012, Order in that docket. Since that time, the MERC's decoupling has been extended and modified by subsequent Commission orders.[1]

This Annual Revenue Decoupling Evaluation Report covers the period of January 1, 2024 through December 31, 2024, the twelfth year of MERC's decoupling pilot. This Evaluation Report is submitted in accordance with the Commission's prior orders related to MERC's evaluation of its decoupling program and the Company's approved revenue decoupling tariffs on file with the Commission. In particular, the Company addresses the following Commission Orders and requirements in this annual Decoupling Evaluation Report for 2024:

Commission Order/Requirement	Where Addressed
Docket No. G007,011/GR-10-977, Order (September 26, 2014): Required MERC's next annual report to include an estimate of each class'	Attachment B

[1] Most recently, in its November 14, 2023 Order Accepting Agreement Setting Rates and Updating Base Cost of Gas in Docket No. G011/GR-22-504, the Commission accepted the May 11, 2023 settlement agreement, which extended the Company's pilot revenue decoupling program three years, through 2025 (with RDM adjustments through May 31, 2027). The approved settlement agreement also extended MERC's revenue decoupling mechanism to include the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customer customers, in the RDM pilot, beginning with calendar year 2024. The first RDM for these added customer classes is contained in this filing to be implemented June 1, 2025.

Commission Order/Requirement	Where Addressed
revenues under (1) no decoupling, (2) partial decoupling, and (3) full decoupling.	
<u>Docket No. G007,011/GR-10-977, Order (August 17, 2016)</u>: Required MERC to include future reconciliation adjustment calculations in its decoupling annual report.	Section B.2 and Attachment A page 7 of 7
<u>Docket No. G011/GR-15-736, Findings of Fact, Conclusions and Order (October 31, 2016)</u>:	
Directed MERC to include in its annual decoupling filings an analysis of the financial consequences for ratepayers and MERC of extending the decoupling program to all customer classes with more than 50 customers;	Attachment B Section C.2
Permitted MERC to include in its annual decoupling filings an analysis of the financial consequences of extending its decoupling program to any other combination of customer classes;	Section C.2
Directed MERC to include in its annual decoupling filings an analysis demonstrating the reasonableness of maintaining MERC's decoupling program given evidence that the level of savings generated by the Residential customer class has declined while the program has been in effect;	Sections A.2 and C.1
Directed MERC to include in its annual decoupling filings (1) data showing its average Conservation Improvement Program ("CIP") (now referred to as the Energy Conservation and Optimization ("ECO") Program) savings for the previous five years compared to the savings of its most recent complete year, and (2) an explanation for any differences in the ECO savings, including the likely impact of decoupling.	Sections A.2 and C.1
<u>Docket No. G011/GR-15-736, Order (February 6, 2019)</u>: Required the Company to file all future annual decoupling evaluation reports in separate dockets.	This Evaluation is being filed in a separate 2024 Revenue Decoupling and Evaluation docket.

Commission Order/Requirement	Where Addressed
Docket No. G011/M-21-152, Order (April 25, 2022): The Commission approved tariff changes, including MERC's agreement to include its RDM adjustment rates in its tariff.	Attachment D
Docket No. G011/GR-22-504, Order Accepting Agreement Setting Rates and Updating Base Cost Of Gas (November 14, 2023): The Commission approved the settlement which provides that in addition to the Residential class, MERC will include the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customers, in the RDM pilot, beginning with calendar year 2024. The first RDM for these added customer classes would be filed and implemented June 1, 2025.	This modification is proposed in this filing to be effective June 1, 2025.

In its December 5, 2018, Order in Docket No. G011/M-19-201, the Commission required the Company to work with the Department and other stakeholders, and to request the involvement of other utilities, on the development of a more streamlined annual evaluation report and make a compliance filing detailing proposed changes to the annual evaluation report by July 31, 2020. On March 8, 2021, the Commission issued an order in Docket No. G011/M-20-332 accepting the Department's July 1, 2020, proposed streamlined annual revenue decoupling evaluation report.

On August 31, 2022, the Commission issued an Order in Docket No. G011/M-22-260 authorizing extension of MERC's RDM through the completion of the Company's next rate case or through 2025 if MERC's next rate case is not completed by that time. MERC filed a general rate case on November 1, 2022 in Docket No. G011/GR-22-504, and on November 14, 2023, the Commission issued its Order Accepting Agreement Setting Rates and Updating Base Cost of Gas extending the Company's pilot revenue decoupling program three years, or through 2025.[2]

In accordance with the Commission's March 8, 2021, order, MERC submits this 2024 decoupling evaluation report with the following streamlined components:

A. Data and Narrative Regarding Energy Savings Achievements:

[2] Pursuant to the Commission's Order in Docket No. G011/GR-22-504, MERC's revenue decoupling program was extended through 2025, with RDM adjustments effective through May 2027.

1. Brief overview of the ECO portfolio. Narrative discussing changes made in the most recent triennial ECO, including any changes in marketing.
2. Annual first-year energy savings, including a comparison of the utility's annual first-year energy savings of the past 5 years to the utility's average first-year energy savings for the three years preceding each utility's implementation of its RDM. Information will be presented on a total ECO basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes that have decoupled rates.
3. Lifetime energy savings, including a presentation of the utility's lifetime energy savings for each of the past 5 years. Information will be presented on a total ECO basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes that have decoupled rates.
4. Annual first-year energy savings for each year (beginning with three years before RDM implementation and ending with the year prior to RDM evaluation) presented as a percent of weather-normalized retail sales from non-ECO opt-out customers as specified in Minn. Stat. 216B.241 Subd. 1c. (b).
5. Comparison of the relevant average gas use per customer for each decoupled customer class for the three years before RDM implementation and the years after.

B. <u>Data and Narrative Regarding RDM Deferral and Billing Adjustment Factors:</u>

1. Brief explanation of how RDM over/under collection and RDM rates are calculated.
2. Annual amount of revenue over/under collected by customer class through the RDM during the evaluation period, before and after any adjustments to reflect the cap. Supporting detail includes monthly sales and number of customers and a description of how heating degree days ("HDD") varied from those assumed in the Company's last rate case.
3. Description of whether the approved cap has come into play for any decoupled class since RDM was implemented. The discussion includes identification of the time period(s), the customer class(es) affected, and what the RDM adjustment would have been without the cap.
4. Description of any changes to methods or calculations of the decoupling adjustment over the course of the pilot, including any such changes, their purpose, and impact on the deferral.
5. By rate class – the per therm rate charged, the overall rate surcharged/refunded, the annual gas use per customer, and the estimated bill impact on average customers. If there is a wide variation of

consumption in the customer class, MERC may provide estimated bill impacts on customers with a range of consumption.

6. A discussion of whether MERC filed any rate cases during the RDM implementation period, and when. To the extent new base rates took effect during the pilot period, indicate when those new rates took effect and what impact the revised rates had on the methods and mechanics of the RDM over/under collection calculations.
7. A table showing the historical net surcharges/refunds for each decoupled class and for the utility as a whole.
8. Tables showing the calculation of all past RDM factors (including over/under collections of revenues and forecasted sales).
9. Include an updated RDM tariff sheet in redline and final format.

This decoupling evaluation report for 2024 reflects the twelfth evaluation report filed by the Company and the fifth report submitted under the approved streamlined reporting format. Over the past 12 years, MERC's decoupling program has proven successful at effectively reducing some of the inherent disincentive to promote energy efficiency. The effectiveness of MERC's decoupling program in removing the disincentive to promote energy efficiency continued to be evident in 2024.

A. Conservation Improvement Program/Energy Conservation and Optimization Plan Achievements

A. Conservation Improvement Program/ Energy Conservation and Optimization Plan Achievements

This section compares Energy Conservation and Optimization ("ECO") Plan energy conservation results in the pre-decoupling period (defined as 2010-2012) and the post-decoupling evaluation period, the most recent five years of ECO activity, and the most recent calendar year. The subsections evaluate ECO energy savings (first-year and lifetime savings), describe program modifications made within the calendar year, and summarize marketing efforts.

> Section A.1 provides a brief overview of the ECO portfolio and summarizes both program and marketing changes made in the most recent triennial ECO period.
>
> Section A.2 evaluates ECO first year energy savings and spending by segment relative to the most recent five years.
>
> Section A.3 evaluates ECO Lifetime Energy Savings by customer segment relative to the most recent five years.
>
> Section A.4 details first year savings for the pre-decoupling years and the entire post-decoupling period.
>
> Section A.5 provides a comparison of the relevant average gas use per customer for each decoupled rate class for the pre-decoupling period and subsequent years.

The purpose of decoupling, as set forth in Minnesota Statutes §216B.2412, Subd. 1 is to reduce a utility's disincentive to promote energy efficiency. While a review of first-year and lifetime savings achievements and use-per-customer trends are relevant to evaluating the effectiveness of decoupling, decoupling should not be expected to result in continuous increases to first-year energy savings or declines in use-per-customer over time. Numerous factors unrelated to revenue decoupling can and will impact energy savings achievements. Further, first-year savings become more difficult and more expensive to achieve over time, due to changes to the technical reference manual such as increasing baselines used to compute savings and diminishing market potential.

A.1. Brief Overview of ECO Portfolio. Narrative discussing changes made in the most recent triennial ECO, including any changes in marketing.

The Company's ECO plan for the year ending December 31, 2024, was approved on December 1, 2023, in Docket No. G011/CIP-23-98. With MERC's 2024-2026 approved Triennial Plan, the Company incorporated a diverse set of offerings. The plan featured an expansion of dedicated low-income programs from three offerings to four. The residential and commercial sectors each continued to provide four program options for customers.

These programs provide incentives to customers, builders, and trade allies to drive energy efficiency savings. In addition to the Company's four dedicated low-income projects, MERC's 2024-2026 Triennial Plan incorporated additional incentives for low-income participation in several of its market rate residential and commercial segment projects, also known as hybrid projects. These additional offerings were available for low-income customers in the Company's residential audit program, which includes free home visit options for low-income participants; Residential Rebates, which offer enhanced rebates for Affordable housing rehab and new construction projects; Home Energy Reports, which offers enhanced messaging for low-income customers; and Commercial New Construction, which offers enhanced rebates for low-income multi-family developments. Additional details regarding the Company's 2024 ECO plan and achievements are summarized below and in the Company's 2024 ECO Status Report filed May 1, 2025, in Docket No. G011/CIP-23-98.

Dedicated Low-Income Programs

1. Low Income Weatherization ("LIW"): This project offers weatherization services and emergency replacements for high-efficiency heating and water heating equipment to low-income residential customers to reduce their natural gas consumption.

2. 4U2 Program: This project delivers weatherization services to qualifying low-income customers, which can also include emergency heating system and water heating equipment replacements.

3. Low Income Community Blitz: This program provides energy efficiency education and do-it-yourself weatherization kits specific to manufactured home parks delivered through a blitz-style event.

4. Low Income Multifamily Direct Install Plus ("LI MFDI"): This project targets qualified low-income multifamily buildings and offers property assessment along with direct installation of low-flow showerheads, faucet aerators, and other measures to low-income multifamily properties. In addition, low-income multifamily properties are offered rebates and project support for prescriptive and custom measures. This program is implemented with the Multifamily Direct Install Plus program.

Residential Programs:

1. Residential Workshops, Audits, and Assessments: MERC offers a variety of in-home energy audits and educational workshops that provide analysis and recommendations on energy efficiency opportunities for existing residential homes. This program is categorized as a hybrid program.

2. Residential Rebates: The Company offers rebates to residential customers for heating systems, heating system tune-ups, thermostats, water heating, pilotless fireplaces, appliances, and insulation. Rebates are available for existing homes and enhanced rebates are available for affordable (low-income) housing. In

addition, the program offers do-it-yourself kits featuring low-flow showerheads, faucet aerators, and pipe wrap.

3. Home Energy Reports ("HERs"): This behavioral energy efficiency project delivers information and print reports that combine gas usage data with energy efficiency tips to provide insights to customers to motivate energy savings behaviors. This program includes enhanced messaging to low-income households and is a hybrid program.

4. Residential New Construction: MERC offers opportunities for builders to receive performance-based or prescriptive rebates for improving energy efficiency beyond code in new homes and supporting improved code compliance across residential communities.

<u>Commercial and Industrial ("C/I" or "C&I") Programs:</u>

1. C/I Sector Support: MERC offers three distinct support activities that include American Society of Heating and Air-Conditioning Engineers ("ASHRAE") Level II Commercial Audits and Small Business Assessments, Building Operator Certification Trainings, Benchmarking Support, ENERGY STAR Certification Support, and Recommissioning Studies.

2. C/I Rebates: The Company offers three categories of rebates: prescriptive, custom, and turn-key. The prescriptive category supports a comprehensive catalog of measures from heating systems, controls, water heating, insulation, food service equipment, tune-ups, steam traps, and grain dryers to commercial and industrial customers. The custom program offers rebates for energy savings projects that do not fit under the prescriptive program. Lastly, for customers using more than 10,000 Dth per year, the turn-key project provides engineering studies and support of energy efficiency projects.

3. C/I New Construction: Provides commercial developers and builders with whole-building design assistance and modeling services to ensure energy efficiency design components are incorporated in the new construction of commercial and industrial buildings in order to achieve long-term energy savings. This program also supports code compliance to communities across Minnesota. This is a hybrid program that offers enhanced rebates for qualified low-income multifamily housing developments.

4. Multifamily Direct Install Plus: MERC offers a property assessment along with direct installation of low-flow showerheads, faucet aerators, and other measures to multifamily properties. In addition, multifamily properties are offered rebates and project support for prescriptive and custom measures. This program is implemented along with the LI MFDI program.

In preparing the 2024-2026 ECO Plan, the Company reviewed historic trends and the impact of changes to the Technical Reference Manual, the Statewide Potential study, various research from the Minnesota Department of Commerce, Division of Energy Resources (the "Department"), and the new energy code.

In 2024, there was one formal modification and two courtesy notifications approved by the Department.

1. On March 11, 2024, the Company filed a program modification to the 2024-2026 Triennial ECO Plan, which was approved by the Department on May 3, 2024.[3] The approved program modification updated the requirements for Residential and Commercial storage water heaters based on usage type, usage bin, and Uniform Energy Factor ("UEF") for the lowest rebate tier for water heaters with storage equal to or less than 55 gallons. This modification provides clarity on product requirements and aligns MERC's rebates with other utilities in Minnesota. The changes were budget and savings neutral.

2. On September 19, 2024, the Company sent a Courtesy Notification informing the Department of the potential to exceed the 2024 Low Income Segment Budget by 25 percent. In addition to robust performance and increased participation within the Low-Income Weatherization and 4U2 programs, low-income programs are experiencing increased expenditures due to increased subcontractor costs. Material, labor, and insurance costs have all risen. Through year-end 2024, the Company did exceed the Low-Income Segment Budget, but only by 11 percent.

3. On October 3, 2024, the Company sent a Courtesy Notification informing the Department of a limited time offer of bonus rebates for the Residential sector to help increase participation. The bonus rebates were offered on eligible furnaces installed between August 1, 2024, and December 1, 2024.

A.2. Annual first-year energy savings. Compare the utility's annual first-year energy savings for each of the past 5 years to the utility's average first-year energy savings for the three years preceding each utility's implementation of its RDM. Utilities should present the information on a total ECO basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes with decoupled rates.

Table A2(A) compares MERC's annual first-year energy savings for each of the past five years (2020 through 2024) to MERC's average first-year energy savings for the three years preceding implementation of MERC's decoupling (2010 through 2012) at the customer segment level.

[3] *In the Matter of Minnesota Energy Resources Corporation's March 11, 2024 ECO Triennial Plan Modification*, Docket No. G011/CIP-23-98, Decision (May 3, 2024).

Table A2 (A) - CIP/ECO First-Year Savings with Average Savings Method applied to Behavioral Program

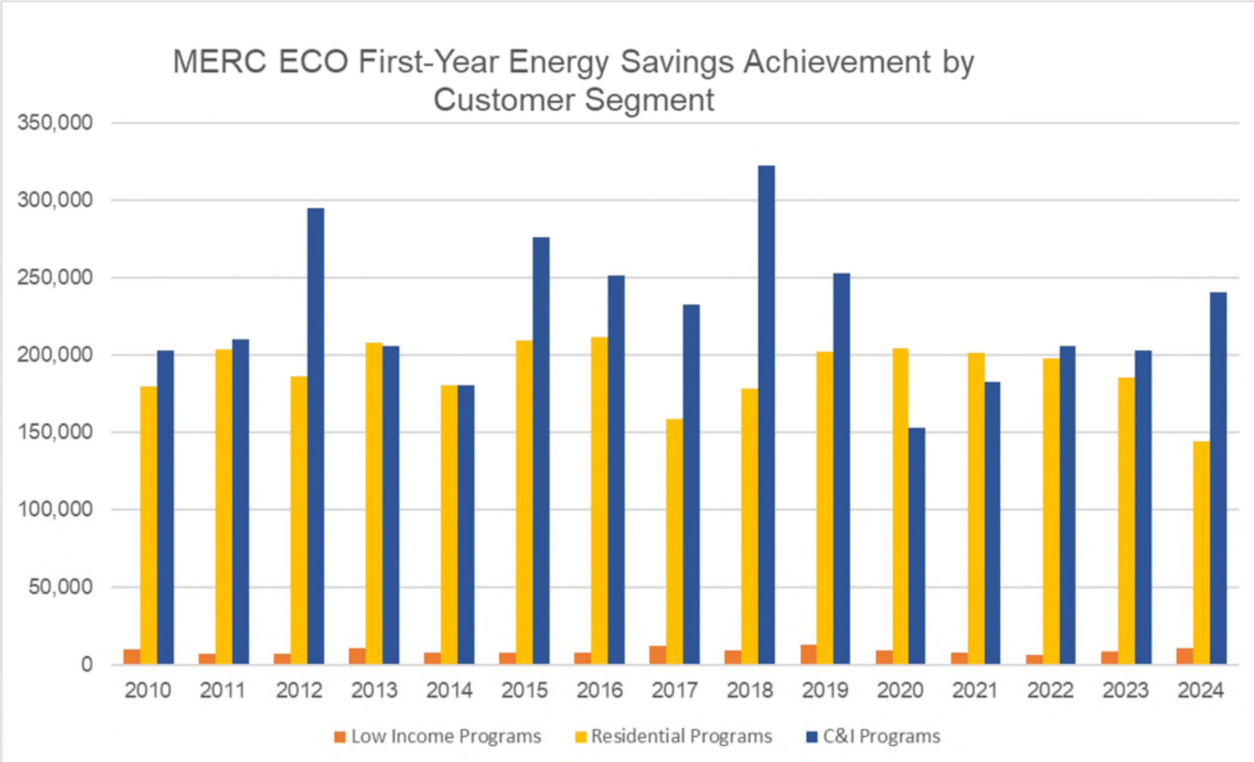
All Programs	2010	2011	2012	Base Years Average	2020	2021	2022	2023	2024	5 Yr Average	Change in 5 Yr Average over Base Yrs Average
Low Income Programs-PNG	8,337	6,009	5,710	6,685							
Low Income Programs-NMU	2,231	1,235	1,954	1,806							
Low Income Programs-Total	**10,567**	**7,244**	**7,664**	**8,492**	**9,780**	**8,444**	**6,991**	**8,648**	**11,187**	**9,010**	**6.1%**
Residential Programs-PNG	153,452	176,987	163,200	164,546							
Residential Programs-NMU	26,137	26,584	22,748	25,157							
Residential Programs-Total	**179,590**	**203,571**	**185,948**	**189,703**	**204,556**	**201,569**	**197,561**	**185,764**	**143,998**	**186,690**	**-1.6%**
C&I Programs-PNG	146,083	144,398	153,171	147,884							
C&I Programs-NMU	56,977	65,624	141,671	88,091							
C&I Programs-Total	**203,060**	**210,022**	**294,842**	**235,975**	**152,988**	**182,809**	**205,729**	**203,027**	**240,285**	**196,968**	**-16.5%**
Total Savings-PNG	307,872	327,393	322,081	319,115							
Total Savings-NMU	85,345	93,443	166,373	115,054							
Total Savings	**393,217**	**420,837**	**488,454**	**434,169**	**367,324**	**392,822**	**410,281**	**397,439**	**395,470**	**392,667**	**-9.6%**
Change Base Years Average to 2024:				**(38,699)**	**-8.9%**						

As described in MERC's previous decoupling evaluation reports, in 2013, the Department implemented significant modifications to how savings were calculated for behavioral programs, reducing the energy savings by two-thirds. In order to provide a more accurate comparison, Table A2(A) reflects Residential behavior program savings in accordance with the Average Savings Method in the three years preceding implementation of MERC's decoupling.

Figure A2(B) shows first-year savings achievement by customer segment. MERC's Residential customer class as well as general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customers, were decoupled in 2024.[4]

[4] The Commission approved a settlement agreement in MERC's most recent rate case pursuant to which MERC will extend decoupling to include the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customer customers, in the RDM pilot, beginning with calendar year 2024. The first RDM for these added customer classes is being proposed in this filing to be effective June 1, 2025. *In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G011/GR-22-504, Order Accepting Agreement Setting Rates and Updating Base Cost of Gas (Nov. 14, 2023).

Figure A2(B) MERC ECO First-Year Energy Savings Achievements by Customer Segment



The Commission's October 31, 2016, Order in Docket No. G011/GR-15-736 required that MERC include an analysis in its annual decoupling evaluations demonstrating the reasonableness of maintaining decoupling given evidence that the level of savings generated by the Residential customer class has declined while the program has been in effect. The Commission's order directed MERC to include data showing its average ECO savings for the previous five years compared to the savings of its most recent complete year and an explanation for any differences in the ECO savings, including the likely impact of decoupling.

As reflected in Table A2(A), MERC's overall 2024 ECO results were lower than the pre-decoupling period.[5] MERC's 2024 Residential class savings also fell below the average savings over the pre-decoupling period.[6]

[5] For 2020 and 2021, CIP programs were greatly affected by the COVID-19 pandemic. MERC provided a discussion of the impacts of the COVID-19 pandemic on 2020 CIP savings achievements in its 2020 Status Report filed on April 30, 2021 in Docket No. G011/CIP-16-120.04 and in the 2021 Status Report filed on April 29, 2022, in Docket No. G011/CIP-20-479.
[6] Includes Residential and Low Income segment CIP savings as MERC's low income programs are residential offerings.

2010-2012 Average Residential Savings[7]	198,195 Dth
2024 Residential Savings	155,185 Dth
% Decrease Over Pre-Decoupling Period	-21.7%

Nevertheless, as reflected in Table A2(C), MERC's Residential customer class average savings has slightly increased with decoupling, demonstrating the reasonableness of maintaining decoupling for this class.

Table A2(C). MERC Residential[8] First-Year ECO Energy Savings

Year	Residential First-Year ECO Savings (Dth)
2010	190,157
2011	210,815
2012	193,612
Pre-Decoupling Average	198,195
2013	219,278
2014	188,276
2015	217,718
2016	220,305
2017	170,770
2018	187,645
2019	215,529
2020	214,336
2021	210,013
2022	204,552
2023	194,412
2024	155,185
Post-Decoupling Average	199,835
% Increase over Pre-Decoupling	0.8%

As supplementary information, the Company has increased expenditures by 55 percent in 2024 over the pre-decoupling period. Table A2(B) shows that each customer segment has seen steady or increased energy efficiency program investment. Most notably, the Company has increased investment in the dedicated low-income programs, with average spending over the past five years being more than double the pre-decoupling period average. This is important because the primary statutory requirement for dedicated low-income programs is spending. Opportunities for ECO savings have declined over time due to updates in the TRM, changes in codes and

[7] Includes Residential and Low Income segment CIP savings as MERC's low income programs are residential offerings.
[8] Includes Residential and Low Income segment CIP savings as MERC's low income programs are residential offerings.

standards, and the programs maturing. Comparing savings from triennial period to triennial period does not account for the erosion of savings impacts due to these factors. Essentially, program participation needs to increase from year to year to achieve the same energy savings results. Therefore, evaluating the spending also provides an important perspective in demonstrating the Company's commitment to energy efficiency.

Table A2 (B) - ECO Expenditures

All Programs	2010	2011	2012	Base Years Average	2020	2021	2022	2023	2024	5 Yr Average
Low Income Programs-PNG	$595,445	$467,377	$564,803	$542,542						
Low Income Programs-NMU	$173,617	$105,824	$193,307	$157,583						
Low Income Programs-Total	**$769,062**	**$573,201**	**$758,110**	**$700,124**	**$1,407,921**	**$ 1,356,343**	**$ 1,134,647**	**$ 1,552,630**	**$ 2,254,498**	**$1,541,208**
Residential Programs-PNG	$2,874,197	$3,558,117	$4,021,906	$3,484,740						
Residential Programs-NMU	$449,292	$459,060	$471,925	$460,092						
Residential Programs-Total	**$3,323,489**	**$4,017,176**	**$4,493,831**	**$3,944,832**	**$ 5,692,037**	**$ 5,863,252**	**$ 5,425,804**	**$ 5,441,465**	**$ 6,225,196**	**$5,681,537**
C&I Programs-PNG	$2,082,270	$1,694,020	$1,871,669	$1,882,653						
C&I Programs-NMU	$514,180	$925,118	$1,543,768	$994,355						
C&I Programs-Total	**$2,596,450**	**$2,619,138**	**$3,415,437**	**$2,877,008**	**$ 2,032,025**	**$ 2,336,851**	**$ 2,367,305**	**$ 3,054,111**	**$ 2,958,814**	**$2,549,821**
Portfolio Level Expenses-PNG	$652,607	$651,263	$975,455	$759,775						
Portfolio Level Expenses-NMU	$207,651	$206,396	$308,184	$240,744						
Portfolio Level Expenses-Total	**$860,258**	**$857,659**	**$1,283,639**	**$1,000,519**	**$ 1,348,277**	**$ 1,375,334**	**$ 1,259,715**	**$ 1,772,510**	**$ 1,724,652**	**$ 1,496,098**
Total Expenditures-PNG	$6,204,519	$6,370,776	$7,433,833	$6,669,709						
Total Expenditures-NMU	$1,344,740	$1,696,397	$2,517,185	$1,852,774						
Total Expenditures-Total	**$7,549,259**	**$8,067,174**	**$9,951,017**	**$8,522,483**	**$10,480,260**	**$10,931,780**	**$ 10,187,471**	**$ 11,820,716**	**$ 13,163,160**	**$11,316,677**
Change Base Years Average to 2024:				**$4,640,677**	**54.5%**					
Change Base Years Average to 5 Year Average:				**$2,794,194**	**32.8%**					

A.3. Lifetime Energy Savings. Present the utility's lifetime energy savings for each of the past 5 years. Utilities should present the information on a total ECO basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes that have decoupled rates.

Table A3 below shows the lifetime savings for Residential programs and C&I programs for each of the past 5 years relative to the pre-decoupling period. Dedicated low-income programs are embedded in the Residential sector results. In 2024, MERC's Residential customer class as well as general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customers, were decoupled. As shown in Table A3, the five-year average Residential lifetime savings are less than the pre-decoupling baseline. Similarly, 2024 actual Residential lifetime energy savings is less than the pre-decoupling average lifetime savings.

Table A3 - Lifetime Energy Savings

Programs With Modified Residential Behavior Program	2010	2011	2012	Base Years Average	2020	2021	2022	2023	2024	5 Yr Average
Residential Programs-PNG	2,497,911	3,183,864	2,839,826	2,840,534						
Residential Programs-NMU	390,771	429,749	385,395	401,972						
Residential Programs-Total	**2,888,682**	**3,613,613**	**3,225,221**	**3,242,505**	**3,184,385**	**3,362,962**	**3,131,404**	**2,891,540**	**2,274,526**	**2,968,963**
C&I Programs-PNG	2,361,120	1,726,282	2,095,077	2,060,826						
C&I Programs-NMU	557,135	1,045,860	2,222,509	1,275,168						
C&I Programs-Total	**2,918,255**	**2,772,141**	**4,317,585**	**3,335,994**	**2,197,206**	**2,505,589**	**2,179,970**	**3,222,683**	**3,072,636**	**2,635,617**
Total Lifetime Savings-PNG	4,859,031	4,910,146	4,934,902	4,901,360						
Total Lifetime Savings-NMU	947,906	1,475,609	2,607,904	1,677,139						
Total Lifetime Savings	**5,806,937**	**6,385,754**	**7,542,806**	**6,578,499**	**5,381,591**	**5,868,551**	**5,311,374**	**6,114,223**	**5,347,162**	**5,604,580**

Overall, the most recent five-year average lifetime energy savings are less than the pre-decoupling three-year average. MERC notes that in 2024, the C&I sector had lower lifetime savings compared to 2023, even though first-year savings achievements were approximately 37,000 Dth higher than 2023. This is due to the mix of rebated measures with shorter lifetimes. Overall, the Residential segment slightly outperformed the C&I segment in the last five years, where the reverse is observed in the pre-decoupled years.

A.4. Annual first-year energy savings for each year (beginning with three years before RDM implementation and ending with the year prior to RDM evaluation) presented as a percent of weather-normalized retail sales from non-ECO opt-out customers as specified in Minn. Stat. 216B.241 Subd. 1c. (b).

The following section shows the first-year energy savings achievements as a percent of weather-normalized ECO-eligible sales from 2010 to 2024. Table A4(A) shows first-year energy savings achievements as a percent of weather-normalized sales, using reported savings for the pre-decoupling period (2010-2012). Table A4(B) shows first-year energy savings achievements as a percent of weather-normalized sales, using the Average Savings Method for behavioral program savings for all years to provide a more accurate comparison.

Table A4 (A) - ECO First-Year Savings as Achieved, as Percent of Weather-Normalized Sales (Dth)

All Programs	First Year Energy Savings	Applicable 3-Yr Average, 20-Yr Weather Normalized Sales (Dth)	Energy Savings as Percent of Retail Sales	Average of Pre and Post Decoupling Period Savings Achievment
Base Year - 2010 (2010-2012 Triennial)	445,836	54,862,275	0.81%	0.87%
Base Year - 2011 (2010-2012 Triennial)	457,748	54,862,275	0.83%	
Base Year - 2012 (2010-2012 Triennial)	534,596	54,862,275	0.97%	
Post Year - 2013 (2013-2015 Triennial)	424,821	35,297,938	1.20%	0.96%
Post Year - 2014 (2013-2015 Triennial)	369,068	35,297,938	1.05%	
Post Year - 2015 (Ext of 2013-2015 Triennial)	493,382	43,175,948	1.14%	
Post Year - 2016 (Ext of 2013-2015 Triennial)	472,000	43,175,948	1.09%	
Post Year - 2017 (2017-2019 Triennial)	402,989	52,732,921	0.76%	
Post Year - 2018 (2017-2019 Triennial)	509,758	52,732,921	0.97%	
Post Year - 2019 (2017-2019 Triennial)	468,544	52,732,921	0.89%	
Post Year - 2020 (Ext of 2017-2019 Triennial)	367,324	42,070,269	0.87%	
Post Year - 2021 (2021-2023 Triennial)	392,822	44,047,006	0.89%	
Post Year - 2022 (2021-2023 Triennial)	410,281	44,047,006	0.93%	
Post Year - 2023 (2021-2023 Triennial)	397,439	44,047,006	0.90%	
Post Year - 2024 (2024-2026 Triennial)	395,470	43,866,491	0.90%	

Table A4 (B) - ECO First-Year Savings as Achieved and with ASM applied to behavioral to base years, as Percent of Weather-Normalized Sales (Dth)

All Programs	First Year Energy Savings w/ASM	Applicable 3-Yr Average, 20-Yr Weather Normalized Sales (Dth)	Energy Savings as Percent of Retail Sales	Average of Pre and Post Decoupling Period Savings Achievment
Base Year - 2010 (2010-2012 Triennial)	393,217	54,862,275	0.72%	0.79%
Base Year - 2011 (2010-2012 Triennial)	420,837	54,862,275	0.77%	
Base Year - 2012 (2010-2012 Triennial)	488,454	54,862,275	0.89%	
Post Year - 2013 (2013-2015 Triennial)	424,821	35,297,938	1.20%	0.96%
Post Year - 2014 (2013-2015 Triennial)	369,068	35,297,938	1.05%	
Post Year - 2015 (Ext of 2013-2015 Triennial)	493,382	43,175,948	1.14%	
Post Year - 2016 (Ext of 2013-2015 Triennial)	472,000	43,175,948	1.09%	
Post Year - 2017 (2017-2019 Triennial)	402,989	52,732,921	0.76%	
Post Year - 2018 (2017-2019 Triennial)	509,758	52,732,921	0.97%	
Post Year - 2019 (2017-2019 Triennial)	468,544	52,732,921	0.89%	
Post Year - 2020 (Ext of 2017-2019 Triennial)	367,324	42,070,269	0.87%	
Post Year - 2021 (2021-2023 Triennial)	392,822	44,047,006	0.89%	
Post Year - 2022 (2021-2023 Triennial)	410,281	44,047,006	0.93%	
Post Year - 2023 (2021-2023 Triennial)	397,439	44,047,006	0.90%	
Post Year - 2024 (2024-2026 Triennial)	395,470	43,866,491	0.90%	

As can be seen, average savings as a percent of ECO-eligible sales in the post-decoupling period has exceeded the pre-decoupling period, with and without adjustments applied to the pre-decoupling period related to the behavioral program. Additionally, MERC's 2024 energy savings as a percent of ECO-eligible sales exceeded the pre-decoupling average.

Similarly, Table A4(C) shows the continued investment in ECO programs with post-decoupling spending trending upward relative to the pre-decoupling period.

Table A4 (C) ECO Spending

All Programs	Expenditures	Average Spend
Base Year - 2010 (2010-2012 Triennial)	$ 7,549,259	$ 8,522,483.33
Base Year - 2011 (2010-2012 Triennial)	$ 8,067,174	
Base Year - 2012 (2010-2012 Triennial)	$ 9,951,017	
Post Year - 2013 (2013-2015 Triennial)	$ 8,630,240	$ 10,433,643.24
Post Year - 2014 (2013-2015 Triennial)	$ 7,360,832	
Post Year - 2015 (Ext of 2013-2015 Triennial)	$ 8,870,639	
Post Year - 2016 (Ext of 2013-2015 Triennial)	$ 9,198,728	
Post Year - 2017 (2017-2019 Triennial)	$ 10,666,998	
Post Year - 2018 (2017-2019 Triennial)	$ 11,777,435	
Post Year - 2019 (2017-2019 Triennial)	$ 12,115,461	
Post Year - 2020 (Ext of 2017-2019 Triennial)	$ 10,480,259	
Post Year - 2021 (2021-2023 Triennial)	$ 10,931,780	
Post Year - 2022 (2021-2023 Triennial)	$ 10,187,471	
Post Year - 2023 (2021-2023 Triennial)	$ 11,820,716	
Post Year - 2024 (2024-2026 Triennial)	$ 13,163,160	

A.5. Comparison of the relevant average fuel use per customer for each decoupled customer class for the three years before RDM implementation and the years after.

Table A5 below provides the average annual Residential usage per customer for the three years before MERC's decoupling was implemented (2010-2012) and each year decoupling has been in effect (2013-2024). In 2024, MERC's Residential customer class as well as general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customers, were decoupled.

Table A5 - Average Natural Gas Use Per Customer (2010-2024)

Year	Residential Annual Usage (Therms)	C&I Firm Class 1 Annual Usage (Therms)	C&I Firm Class 2 Annual Usage (Therms)
2010	848		
2011	876		
2012	723		
2013	942		
2014	1,041		
2015	770		
2016	772		
2017	818		
2018	946		
2019	968		
2020	874		
2021	801	796	6,973
2022	951	1,052	8,227
2023	780	758	7,362
2024	741	732	6,670

B. Calculation of RDM Deferral and Billing Adjustment Factors

B. Calculation of RDM Deferral and Billing Adjustment Factors

B.1. Brief explanation of how RDM over/under collection and RDM rates are calculated.

MERC's RDM is calculated annually based on the class revenue requirements after removing the fixed charge portion and conservation cost recovery charge ("CCRC") revenues from the final revenue apportioned to the customer class, based on actual customer counts. The RDM is calculated to adjust on a per-customer basis for sales volumes that are above or below the approved sales level for each rate group that is used to determine volumetric distribution charges approved by the Commission. MERC's decoupling mechanism also includes a ten percent symmetrical cap that limits refunds or surcharges to ten percent of the authorized distribution revenues less CCRC charges.

Each month, the actual average distribution revenue per customer was compared to the baseline forecast approved in Docket No. G011/GR-22-504. The resulting monthly deferrals, as well as the annual and cumulative balances, are tracked each month. In 2024, a monthly RDM calculation was computed for MERC's Residential customer class, general service system sales C&I Firm Class 1 (including farm tap customers), and general service system sales C&I Firm Class 2 (including farm tap customers).[9]

B.2. Annual amount of revenue over/under collected by customer class through the RDM during the evaluation period, before and after any adjustments to reflect the cap. Supporting detail should include monthly sales and number of customers. Gas utilities should include a description of how HDD varied from those assumed in the last rate case.

Please see Attachment A for details regarding the 2024 revenue under-collection from the Residential, C&I Firm Class 1, and C&I Firm Class 2 customer classes. As shown in Attachment B, the cap on MERC's RDM did impact the calculation of the 2024 surcharge rate.

Page 1 of 7 of Attachment A shows the calculation of the RDM surcharge rates to be effective June 1, 2025, by dividing the net of the 2024 RDM and the remaining 2022 regulatory asset/liability by the forecasted sales approved in Docket No. G011/GR-22-504.

---

[9] In its Order Accepting Agreement Setting Rates and Updating Base Cost of Gas in Docket No. G011/GR-22-504, (November 14, 2023), the Commission accepted the May 11, 2023 settlement agreement, which extended the Company's pilot revenue decoupling program three years, through 2025. In addition to the Residential class, MERC will include the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customer customers, in the RDM pilot, beginning with calendar year 2024. The first RDM for these added customer classes are shown in this filing to be implemented June 1, 2025.

In accordance with the Commission's August 17, 2016, Order in Docket No. G011/GR-10-977 and March 8, 2021, Order in Docket No. Docket No. G011/M-20-332, MERC also includes the Residential reconciliation adjustment calculations for the 2022 RDM in Attachment A. A monthly tracker reconciling actual Residential billed surcharges/refunds against the approved decoupling surcharge/refund amounts is provided in Attachment A, page 7 of 7.[10]

Pages 2 through 5 of 7 in Attachment A show the month-to-month calculation of the RDM based on final distribution rates, less the conservation cost recovery charge, approved by the Commission's November 14, 2023 and January 30, 2024 Orders in Docket No. G011/GR-22-504. Page 6 of 7 shows the forecasted sales and customer counts approved in Docket No. G011/GR-22-504 and used as the basis for the RDM calculation, versus the actual sales and customer counts experienced in 2024.

Table B2 summarizes the 2025 RDM adjustment calculations as implemented effective June 1, 2025. This includes the over-recovered amount of $416,980.58 for the 2022 Residential surcharge rate in effect June 1, 2023 through May 31, 2024.

Table B2 - 2025 RDM Adjustment Calculations

	Residential	C&I Firm Class 1	C&I Firm Class 2
2024 RDM Surcharge/(Refund)	$5,718,314.22	$267,246.98	$2,281,421.91
2022 Reconciliation Adjustment	($416,980.58)	$0.00	$0.00
Total Surcharge/(Refund)	$5,301,333.64	$267,246.98	$2,281,421.91
Forecasted Sales	190,420,054	9,059,834	103,040,599
Surcharge/(Refund) Rate, per therm	$0.02784	$0.02950	$0.02214

With respect to HDD, the actual weather in 2024 was substantially warmer than the normal weather used in MERC's last rate case, Docket No. G011/GR-22-504. The actual weather in 2024 was 13.5 percent warmer for the MERC-NNG purchased gas adjustment ("PGA") and 11.9 percent warmer for the MERC-Consolidated PGA. There were 6,681 heating degree days in 2024 for the MERC-NNG PGA compared to 7,722 normal heating degree days from the last rate case. There were 8,190 heating degree

[10] MERC is implementing revenue decoupling for the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customer customers, effective for 2024, with the first RDM adjustment for these added customer classes implemented June 1, 2025. As a result, there is no reconciliation adjustment for the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes.

days in 2024 for the MERC-Consolidated PGA compared to 9,293 normal heating degree days from the last rate case.

B.3. Describe whether the approved cap came into play for any decoupled class since RDM was implemented. The discussion should include identification of the time period(s), the customer class(es) affected, and what the RDM adjustment would have been without the cap.

Please see Attachment B, which is a spreadsheet estimating each class' revenues with no decoupling, under full decoupling (both with and without a 10 percent cap), and under a Weather Normalized Decoupling (both with and without a 10 percent cap). This attachment contains a tab that represents each year. Additionally, this attachment reflects customers and sales by MERC's customer classes as approved in Docket No. G011/GR-17-563, beginning in 2018. Table B3 below summarizes each instance in which the cap came into play for a decoupled class since MERC's RDM was implemented.

Table B3 - Impact of Cap[11]

Period	Customer Class Affected[12]	Actual Billed RDM Adjustment	RDM Adjustment Without Cap
2013	Small C&I	$0.01701	$0.02958
2014	Residential	($0.01936)	($0.03527)
2014	Small C&I	($0.01567)	($0.06334)
2015	Residential	$0.01936	$0.02440
2016	Residential	$0.02135	$0.02350
2016	Small C&I	$0.01930	$0.04265
2019	Residential	($0.02173)	($0.02233)
2024	Residential	$0.03003	$0.04059
2024	Firm Class 1	$0.02950	$0.05726
2024	Firm Class 2	$0.02214	$0.02721

B.4. Describe any changes to the methods or calculations of the decoupling adjustment over the course of the pilot including any such changes, their purpose, and impact on the deferral.

Beginning in July 2013, MERC consolidated its four PGAs into two. The decoupling mechanism was initially formatted to enter each PGA's customer class data separately under the four PGA setup. Starting in July 2013, instead of distinguishing between the various PGAs, the sales and customer count data were entered at the total MERC level by customer class. This had no effect on the decoupling mechanism calculation as the decoupling calculation is done at the total level.

[11] Reflects RDM adjustments excluding applicable reconciliation adjustments.
[12] Prior to 2018, general service system sales Firm Class 1 was defined as Small C&I.

For MERC's 2014 decoupling mechanism, the Company updated the forecasted sales and customer counts to match what was approved in MERC's 2014 rate case, Docket No. G011/GR-13-617. This did have an effect on the margin calculation used in the decoupling mechanism model, but synced up the margin with what was actually approved for rates in 2014.

In MERC's 2015 decoupling mechanism, the Company continued to use the forecasted sales and customer counts approved in MERC's 2014 rate case, Docket No. G011/GR-13-617. In addition, in May 2015, MERC finalized the acquisition of Interstate Power and Light's ("IPL") natural gas distribution assets and customers and began including those actual sales and customer counts in the revenue decoupling calculation. Since MERC's decoupling mechanism is done on a use-per-customer basis, the acquisition of the IPL customers only effected the calculation to the extent the former IPL customers' average usage varied from the average use-per-customer approved in MERC's 2014 rate case, Docket No. G011/GR-13-617.

In MERC's 2016 decoupling mechanism, the Company updated the forecasted sales and customer counts to match what was filed and ultimately approved in MERC's 2016 rate case, Docket No. G011/GR-15-736. This did have an effect on the margin calculation used in the decoupling mechanism model, but synced up the margin with what was actually approved for rates in 2016. In addition, MERC initially used the interim revenue margin rates approved by the Commission in Docket No. G011/GR-15-736 in the decoupling calculation, but ultimately updated the margin rates that resulted from the October 31, 2016, Commission Order in Docket No. G011/GR-15-736.

In MERC's 2017 decoupling mechanism, MERC continued to use the forecasted sales and customer counts approved in MERC's 2016 rate case, Docket No. G011/GR-15-736.

In MERC's 2018 decoupling mechanism, which was filed on March 1, 2019, in Docket No. G011/M-19-201, MERC updated the forecasted sales and customer counts to match what was filed and ultimately approved in MERC's 2018 rate case, Docket No. G011/GR-17-563. This did have an effect on the margin calculation used in the decoupling mechanism model, but synced up the margin with what was actually approved for rates in 2018. In addition, MERC initially used the interim revenue margin rates approved by the Commission in Docket No. G011/GR-17-563 in the decoupling calculation, but ultimately updated the margin rates that were filed in MERC's March 13, 2019, Compliance Filing in Docket No. G011/GR-17-563.

In MERC's 2019 decoupling mechanism, MERC continued to use the forecasted sales and customer counts approved in MERC's 2018 rate case, Docket No. G011/GR-17-563. Further, the Commission's December 26, 2018, Findings of Fact, Conclusions, and Order in that docket approved the removal of MERC's general service Small C&I customer class from decoupling effective January 1, 2019.

In MERC's 2020, 2021, and 2022 decoupling mechanism, MERC continued to use the forecasted sales and customer counts approved in MERC's 2018 rate case, Docket No.

G011/GR-17-563, and continued to reflect the removal of MERC's general service Small C&I customer class from decoupling.

By Order dated March 8, 2021, in Docket No. G011/M-20-332, the Commission approved a modification to the timing of MERC's future RDM adjustments from March 1 to June 1 and "[a]pproved MERC's request to extend the 2020 revenue decoupling mechanism factors through the bridge period of March 1, 2022, through May 31, 2022, with a streamlined annual decoupling evaluation report and revenue decoupling mechanism factors to be filed June 1, 2022, for the period of June 1, 2022 through May 31, 2023." By Order dated April 25, 2022, the Commission authorized MERC to discontinue the RDM surcharge for the Small C&I class effective May 1, 2022.

For MERC's 2023 decoupling mechanism, MERC updated the forecasted sales and customer counts approved in MERC's 2023 rate case, Docket No. G011/GR-22-504.[13]

In this 2024 decoupling mechanism, MERC continued to use the sales and customer counts approved in Docket No. G011/GR-22-504 and has updated the RDM pilot to include the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customer customers, in addition to the Residential class. Accordingly, MERC updated the forecasted sales and customer counts to include C&I Firm Class 1 and C&I Firm Class 2 forecasted sales and customer counts as approved in MERC's 2023 rate case, Docket No. G011/GR-22-504, and calculated an RDM for the C&I Firm Class 1 and C&I Firm Class 2 customer classes to be implemented June 1, 2025.[14]

B.5. By rate class – the per therm rate charged, the overall rate surcharge/refund, the actual annual gas/electric use per customer, and the estimated bill impact on average customers. If there is a wide variation of consumption in the customer class, the utility may provide estimated bill impacts on customers with a range of consumption.

The surcharge rates to be implemented effective June 1, 2025, per therm, and the total surcharge are shown in Table B5(A), below.

[13] In accordance with the approved settlement in Docket No. G011/GR-22-504, MERC's 2023 annual RDM is calculated based on the decoupled customer class distribution revenues (excluding conservation cost recovery charge revenues) set forth pursuant to the settlement.

[14] Because MERC is including the general service system sales C&I Firm Class 1 and general service system sales C&I Firm Class 2 customer classes in decoupling effective with the 2024 RDM, it is necessary to segregate the system sales customer classes from transportation customer classes. MERC has separately reported transportation classes in Attachment B for 2024.

Table B5(A) - 2025 RDM Adjustment Calculations (Effective June 1, 2025)

	Residential	C&I Firm Class 1	C&I Firm Class 2
2024 RDM Surcharge/(Refund)	$5,718,314.22	$267,246.98	$2,281,421.91
2022 Reconciliation Adjustment	($416,980.58)	$0.00	$0.00
Total Surcharge/(Refund)	$5,301,333.64	$267,246.98	$2,281,421.91
Forecasted Sales	190,420,054	9,059,834	103,040,599
Surcharge/(Refund) Rate, per therm	$0.02784	$0.02950	$0.02214

Additionally, MERC provides a summary of estimated bill impacts from the RDM factor in Table B5(B), below.

Table B5(B) - Summary of 2025 RDM Rate and Estimated Bill Impacts (Effective June 1, 2025)

Customer Class	RDM Per Therm Surcharge/(Credit)	Average Use per Customer	Average Monthly Bill Impact	Average Annual Bill Impact
Residential	$0.02784	741	$1.72	$20.62
C&I Firm Class 1	$0.02950	732	$1.80	$21.60
C&I Firm Class 2	$0.02214	6,670	$12.31	$147.69

B.6. A discussion of whether MERC filed any rate cases during the RDM implementation period, and when. To the extent new base rates took effect during the pilot period, indicate when those new rates took effect and what impact the revised rates had on the methods and mechanics of the RDM over/under collection calculations.

MERC has filed four rate cases since its RDM was originally approved effective January 1, 2013. A rate case based on a 2014 test year was filed in Docket No. G011/GR-13-617 on September 30, 2013; a rate case based on a 2016 test year was filed in Docket No. G011/GR-15-736 on September 30, 2015; a rate case based on a 2018 test year was filed in Docket No. G011/GR-17-563 on October 13, 2017; and a rate case based on a 2023 test year was filed in Docket No. G011/GR-22-504 on November 1, 2022.

The 2014 RDM was updated with the sales, customer counts, and distribution rates (less CCRC) approved in Docket No. G011/GR-13-617.

The 2015 RDM continued to use the same forecasted sales, customer counts, and distribution rates (less the CCRC) used in the 2014 decoupling mechanism since base rates set in Docket No. G011/GR-13-617 remained in effect in 2015.

The 2016 decoupling mechanism was updated with the sales and customer counts that were filed and ultimately approved in Docket No. G011/GR-15-736. The interim distribution rates (less the CCRC) were initially used in the decoupling mechanism, but ultimately updated based on the rate design approved in the Commission's October 31, 2016, Order in Docket No. G011/GR-15-736.

The 2017 decoupling mechanism continued to use the same forecasted sales, customer counts, and distribution rates (less the CCRC) used in the 2016 decoupling mechanism since the base rates approved in Docket No. G011/GR-15-736 remained in effect through 2017.

The 2018 decoupling mechanism was updated with the sales and customer counts that were filed and ultimately approved in Docket No. G011/GR-17-563. The interim distribution rates (less the CCRC) were initially used in the decoupling mechanism, but ultimately updated based on the rate design approved by the Commission in its December 26, 2018, Order, as filed in MERC's March 13, 2019, Compliance Filing in Docket No. G011/GR-17-563.

The 2019 through 2022 decoupling mechanisms continued to use the same forecasted sales, customer counts, and distribution rates (less the CCRC) used in the 2018 decoupling mechanism since the base rates approved in Docket No. G011/GR-17-563 remained in effect in 2019 through 2022.

The 2023 and 2024 decoupling mechanism was updated with the sales, customer counts, and distribution rates (less the CCRC) that were approved in Docket No. G011/GR-22-504.

B.7. Provide a table showing the historical net surcharges/refunds for each decoupled class and for the utility as a whole.

Please see Attachment C. Specifically, the lines labeled Total Surcharge/(Refund) depicts the net surcharge/(refunds) for each decoupled class and for MERC as a whole.

B.8. Provide tables showing the calculation of all past RDM factors (including over/under collections of revenues and forecasted sales).

Please see Attachment C, which shows the calculation of all past RDM factors. Attachment C shows the (over)/under-collection of revenues and reconciliation adjustment by class and year, along with the total surcharge/refund rate calculation based on forecasted sales. The forecasted sales used in the calculation of all past RDM factors are also shown in Attachment C.

B.9. Provide an updated RDM tariff sheet in redline and final format.

Please see Attachment D, which provides the redlined and final format of MERC's RDM tariff sheets. The Company will include the bill message below, effective the first month the new RDM factors take effect, notifying customers of the change in their monthly bills:

> Effective June 1, 2025, a Decoupling Adjustment will be included on your bill at a rate of $0.02784 per Therm for all residential customers, $0.02950 per Therm for all system sales firm Class 1 customers, and $0.02214 per Therm for all system sales firm Class 2 customers. The Decoupling Adjustment is a credit or surcharge that separate revenues from changes in energy sales, neutralizing the impact of reduced sales due to energy conservation.

C. Other Information

C. Other Information – Compliance with Prior Commission Orders

C.1. An analysis demonstrating the reasonableness of maintaining MERC's decoupling program given evidence that the level of savings generated by the Residential customer class has declined while the program has been in effect. Data showing average ECO savings for the previous five years compared to the savings of its most recent complete year and an explanation for any differences in the ECO savings, including the likely impact of decoupling.

In its Findings of Fact, Conclusions, and Order in Docket No. G011/GR-15-736, the Commission ordered that MERC address energy conservation from the Residential class in its future annual decoupling filings. MERC addresses these requirements in Sections A.2. and A.3. above.

As reflected in Table A2(A) above, MERC's 2024 Residential class savings fell below the average savings over the pre-decoupling period. Additionally, Table A5 shows that residential customer usage is lower in 2024 compared to the pre-decoupled period. Market saturation and increased base-efficiency standards in the ECO programs are additional drivers of decreased savings.

Table A2(B) shows significantly increased spending on ECO in the period since decoupling has been in effect, as compared to the pre-decoupling period. Most notably, the Company has increased investment in low-income programs, with average annual spending over the last five years on low-income programs ($1,541,208) more than double the pre-decoupling period ($700,124). Additionally, the cost to achieve savings has increased across the portfolio for a variety of reasons.

C.2. In its annual decoupling filings, MERC shall include an estimate of each class' revenues under the following decoupling scenarios: No Decoupling, Partial Decoupling, and Full Decoupling. Additionally, MERC shall include an analysis of the financial consequences for ratepayers and MERC of extending the decoupling program to all customer classes with more than 50 customers. MERC may also include an analysis of the financial consequences of extending its decoupling program to any other combination of customer classes.

In its September 26, 2014, Order accepting MERC's 2013 revenue decoupling evaluation report, the Commission required MERC to include in its 2014 annual decoupling report an estimate of each class' revenues under the following decoupling scenarios:

- No Decoupling
- Partial Decoupling
- Full Decoupling

As explained in MERC's Reply Comments filed on June 30, 2014, based on conversations with the Department, MERC understands that the Department intended the term "full decoupling" to mean MERC's currently-approved pilot decoupling program. MERC notes that its approved decoupling mechanism applies only to the Residential customer class and includes a symmetrical 10 percent cap on surcharges and refunds. For purposes of the information required to be provided, MERC will assume decoupling applies to all rate classes. Additionally, MERC understands partial decoupling to be a revenue-per-customer decoupling mechanism that removes the effect of weather from decoupling deferrals (i.e., Weather Normalized Decoupling). Included as Attachment B is a spreadsheet estimating each class' revenues with no decoupling, under full decoupling (both with and without a 10 percent cap), and under Weather Normalized Decoupling (both with and without a 10 percent cap). This attachment organizes the customers and sales beginning in 2018 into MERC's new customer classes as approved by the Commission in Docket No. G011/GR-17-563.

On August 17, 2016, the Commission issued an Order in Docket No. G011/GR-10-977, accepting MERC's 2015 Decoupling Evaluation Report and requiring MERC to file, no later than May 1, 2017, an Excel file that revises the December 2015 data for the Small Volume Transport, Large Volume Transport, and Super Large Volume Interruptible and Joint customer classes. On November 15, 2016, MERC submitted a restated Excel file revised to restate the December 2015 customer counts for customers who were not billed in December 2015 and were billed twice in January 2016. In accordance with the Commission's April 17, 2016, Order and MERC's November 15, 2016, Compliance Filing in Docket No. G011/GR-10-977, Attachment B includes both actual data for 2015 and 2016 based on MERC's billing data from its billing system (under the tabs labeled "actual") and restated December 2015 and January 2016 data to restate customer counts for customers who were not billed in December 2015 and were billed twice in January 2016. The restated data is highlighted in yellow on the tabs labeled "2015 Restated" and "2016 Restated."

In its October 31, 2016, Order in Docket No. G011/GR-15-736, the Commission required that in MERC's future annual decoupling evaluation filings, the Company include an analysis of the financial consequences for ratepayers and MERC of extending the decoupling program to all customer classes with more than 50 customers. MERC may also include an analysis of the financial consequences of extending its decoupling program to any other combination of customer classes. Additionally, with the removal of the general service Small C&I customer class from decoupling beginning on January 1, 2019, in Docket No. G011/GR-17-563, the Commission ordered this reporting requirement extended to the Small C&I customer class.

An analysis of the financial consequences for ratepayers and MERC of extending decoupling to each customer class is included in Attachment B.[15] In 2024, MERC's Residential customer class as well as general service system sales C&I Firm Class 1

[15] Note that MERC has found and corrected an error in the Distribution Rate reflected for Firm Class 3 on the "2018 Forecast" and "2018 Actual" tabs. Additionally, MERC identified and corrected an error in the computation of the Surcharge/(Credit) Rate reflected on the "2023 Actual" tab for all non-Residential customer classes.

and general service system sales C&I Firm Class 2 customer classes, including associated Farm Tap customers, were decoupled.

In Column P of each of the actual results tabs within Attachment B is a surcharge/refund rate based on an estimation of each class' revenues under full decoupling (both with and without a 10 percent cap), and under a Weather Normalized Decoupling (both with and without a 10 percent cap). This surcharge/refund is then applied to the average customer usage in that class (Column R), as well as a hypothetical low end usage customer (50 percent of actual average usage) (Column Q) and high end usage customer (150 percent of actual average usage) (Column S). For purposes of this analysis in 2009 - 2017, MERC grouped the customers into the following categories: Residential, General Service Small C&I, General Service Large C&I, Small Volume Interruptible & Joint Sales, Large Volume Interruptible & Joint Sales, Small Volume Interruptible & Joint Transport, Large Volume Interruptible & Joint Transport (inclusive of Flex customers), and Super Large Volume Interruptible & Joint Transport. Beginning in 2018, MERC grouped the customers into the approved rate classifications from Docket No. G011/GR-17-563 as follows: Residential, Firm Class 1, Firm Class 2, Firm Class 3, Agricultural Grain Dryer Class 1, Agricultural Grain Dryer Class 2, Agricultural Grain Dryer Class 3, Power Generation Class 1, Power Generation Class 2, Interruptible Class 2, Interruptible Class 3, Interruptible Class 4, and Interruptible Class 5. Additionally, MERC has included Firm Class 4 and Firm Class 5 due to customers who were previously Class 4 Joint and Class 5 Joint being added to those rate classes in 2020. Because MERC did not forecast Firm Class 4 or Firm Class 5 customer counts or sales in Docket No. G011/GR-17-563, Attachment B calculates the theoretical RDM for those classes through 2022 based on forecasted sales per customer for Interruptible Class 4 and Interruptible Class 5 respectively. As a result, the theoretical rate impacts reflected in Attachment B are not a realistic or accurate depiction of the impacts if those classes were actually subject to decoupling. Beginning with 2024 data, MERC has separated customer classes by system sales and transportation in Attachment B. Only system sales C&I Firm Class 1 and C&I Firm Class 2 customer classes are included in MERC's decoupling program.

Using 2024 as an example, an average system sales Firm Class 3 customer under MERC's current program with the 10 percent cap would experience a surcharge rate of $0.01400 per therm (cell P100), and with average 2024 usage of 119,284 therms, would expect an annual surcharge of $1,670.10. A customer that is on the high end for this example would experience an annual surcharge of $2,505.15, based on 178,926 annual therms usage.

In its December 1, 2017, Order in Docket No. G011/GR-15-736, the Commission required MERC to include in its 2017 RDM report an analysis of how extending the RDM to other customer classes would impact overall rates for the period 2013-2017. To provide this analysis, a rate analysis tab was included in Attachment B, which calculates what the theoretical revenue refunded or surcharged to each customer grouping would have been if decoupling was applicable to all customer classes. For example, in 2017, MERC would have collected revenues totaling $235,283,538, absent the existence of any decoupling. However, assuming decoupling was in effect for all customer classes during 2017, MERC would have collected an additional $5,641,254 for a total revenue collection of $240,924,792. MERC has continued this analysis into 2018 and beyond, and it is provided in Attachment B. As noted above, however, because MERC did not forecast Firm Class 4 or Firm Class 5 customer counts or sales in Docket No. G011/GR-17-563, Attachment B calculates the theoretical RDM for those classes through 2022 based on forecasted sales per customer for Interruptible Class 4 and Interruptible Class 5 respectively. As a result of these mismatches, the theoretical rate impacts are not realistic for what would occur if those classes were actually subject to decoupling.

Attachment A

	Residential	Firm C&I - Class 1	Firm C&I - Class 2
2024 RDM Surcharge/(refund)	$ 5,718,314.22	$ 267,246.98	$ 2,281,421.91
2022 Reconciliation Adjustment	$ (416,980.58)	$ -	$ -
Total Surcharge/(refund)	$ 5,301,333.64	$ 267,246.98	$ 2,281,421.91
Forecasted Sales	190,420,054	9,059,834	103,040,599
Surcharge/(Refund) Rate	**$ 0.02784**	**$ 0.02950**	**$ 0.02214**
Average Annual Impact	$ 20.62	$ 21.60	$ 147.69
Average Monthly Impact	$ 1.72	$ 1.80	$ 12.31

RDM Baseline Commission Order
Jan-24

(1) Distr charge for decoupling is Tariff dist charge which includes CIP CCRC charge less CCRC charge

Ln	Rate Class	Baseline: Test Year Sales Therms [A]	Baseline: Distribution Charges (1) [B]	Baseline: Distribution Revenues [C] [A] x [B]	Baseline: Customers Avg Monthly [D]	Baseline: Distribution Revenues Per Customer [E] [C] / [D]	Actuals: Actual Sales Therms [F]	Actuals: Distribution Revenues [G] [F] x [B]	Actuals: Customers Avg Monthly [H]	Actuals: Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Balance: Recoveries (Refunds) Capped	Income Statement Activity
1	General Service - Residential												
2	Total Residential	35,310,886	$ 0.30030	$ 10,603,859.09	221,706	$ 47.83	36,950,949	$ 11,096,369.98	227,251	$ 48.83	$ (221,706.39)	$ (221,706.39)	$ 221,706.39
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	1,564,938	$ 0.29498	$ 461,625.38	9,999	$ 46.17	1,758,445	$ 518,706.19	10,005	$ 51.85	$ (56,793.90)	$ (56,793.90)	$ 56,793.90
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	17,798,576	$ 0.22141	$ 3,940,782.63	13,586	$ 290.06	17,748,013	$ 3,929,587.62	13,960	$ 281.49	$ 116,434.16	$ 116,434.16	$ (116,434.16)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Feb-24

Ln	Rate Class	Baseline: Test Year Sales Therms [A]	Baseline: Distribution Charges [B]	Baseline: Distribution Revenues [C] [A] x [B]	Baseline: Customers Avg Monthly [D]	Baseline: Distribution Revenues Per Customer [E] [C] / [D]	Actuals: Actual Sales Therms [F]	Actuals: Distribution Revenues [G] [F] x [B]	Actuals: Customers Avg Monthly [H]	Actuals: Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Balance: Recoveries (Refunds) Capped	Income Statement Activity
1	General Service - Residential												
2	Total Residential	66,255,001	$ 0.30030	$ 19,896,376.77	221,759	$ 89.72	58,328,912	$ 17,516,172.27	226,942	$ 77.18	$ 2,780,857.86	$ 2,780,857.86	$ (3,002,564.25)
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	2,939,079	$ 0.29498	$ 866,969.53	9,996	$ 86.73	2,815,566	$ 830,535.70	9,974	$ 83.27	$ 34,586.16	$ 34,586.16	$ (91,380.06)
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	33,427,154	$ 0.22141	$ 7,401,106.16	13,582	$ 544.92	30,390,839	$ 6,728,835.64	13,938	$ 482.77	$ 844,121.30	$ 844,121.30	$ (727,687.14)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Mar-24

Ln	Rate Class	Baseline: Test Year Sales Therms [A]	Baseline: Distribution Charges [B]	Baseline: Distribution Revenues [C] [A] x [B]	Baseline: Customers Avg Monthly [D]	Baseline: Distribution Revenues Per Customer [E] [C] / [D]	Actuals: Actual Sales Therms [F]	Actuals: Distribution Revenues [G] [F] x [B]	Actuals: Customers Avg Monthly [H]	Actuals: Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Balance: Recoveries (Refunds) Capped	Income Statement Activity
1	General Service - Residential												
2	Total Residential	90,477,086	$ 0.30030	$ 27,170,268.78	221,812	$ 122.49	80,022,260	$ 24,030,684.67	227,307	$ 105.72	$ 3,719,787.24	$ 3,719,787.24	$ (938,929.38)
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	4,035,760	$ 0.29498	$ 1,190,468.41	9,992	$ 119.14	3,789,160	$ 1,117,726.47	9,963	$ 112.19	$ 69,444.40	$ 69,444.40	$ (34,858.24)
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	45,900,080	$ 0.22141	$ 10,162,736.69	13,576	$ 748.58	41,294,319	$ 9,142,975.27	13,946	$ 655.60	$ 1,262,296.48	$ 1,262,296.48	$ (418,175.18)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Apr-24

Ln	Rate Class	Baseline: Test Year Sales Therms [A]	Baseline: Distribution Charges [B]	Baseline: Distribution Revenues [C] [A] x [B]	Baseline: Customers Avg Monthly [D]	Baseline: Distribution Revenues Per Customer [E] [C] / [D]	Actuals: Actual Sales Therms [F]	Actuals: Distribution Revenues [G] [F] x [B]	Actuals: Customers Avg Monthly [H]	Actuals: Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Balance: Recoveries (Refunds) Capped	Income Statement Activity
1	General Service - Residential												
2	Total Residential	105,170,257	$ 0.30030	$ 31,582,628.04	221,866	$ 142.35	93,021,348	$ 27,934,310.80	227,535	$ 122.77	$ 4,344,136.28	$ 4,344,136.28	$ (624,349.04)
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	4,734,730	$ 0.29498	$ 1,396,650.64	9,985	$ 139.87	4,275,380	$ 1,261,151.56	9,999	$ 126.13	$ 137,193.90	$ 137,193.90	$ (67,749.50)
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	53,849,708	$ 0.22141	$ 11,922,863.79	13,568	$ 878.75	48,490,146	$ 10,736,203.19	13,953	$ 769.45	$ 1,482,982.40	$ 1,482,982.40	$ (220,685.92)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
May-24

Ln	Rate Class	Baseline: Test Year Sales Therms [A]	Baseline: Distribution Charges [B]	Baseline: Distribution Revenues [C] [A] x [B]	Baseline: Customers Avg Monthly [D]	Baseline: Distribution Revenues Per Customer [E] [C] / [D]	Actuals: Actual Sales Therms [F]	Actuals: Distribution Revenues [G] [F] x [B]	Actuals: Customers Avg Monthly [H]	Actuals: Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Balance: Recoveries (Refunds) Capped	Income Statement Activity
1	General Service - Residential												
2	Total Residential	112,669,877	$ 0.30030	$ 33,834,764.09	221,921	$ 152.46	97,961,386	$ 29,417,804.21	227,723	$ 129.18	$ 5,166,320.88	$ 5,166,320.88	$ (822,184.60)
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	5,134,592	$ 0.29498	$ 1,514,601.93	9,978	$ 151.79	4,341,286	$ 1,280,592.63	9,993	$ 128.15	$ 235,879.92	$ 235,879.92	$ (98,686.02)
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	58,397,475	$ 0.22141	$ 12,929,784.99	13,558	$ 953.66	51,981,274	$ 11,509,173.97	13,948	$ 825.15	$ 1,742,338.58	$ 1,742,338.58	$ (259,356.18)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Jun-24

Ln	Rate Class	Baseline: Test Year Sales Therms [A]	Baseline: Distribution Charges [B]	Baseline: Distribution Revenues [C] [A] x [B]	Baseline: Customers Avg Monthly [D]	Baseline: Distribution Revenues Per Customer [E] [C] / [D]	Actuals: Actual Sales Therms [F]	Actuals: Distribution Revenues [G] [F] x [B]	Actuals: Customers Avg Monthly [H]	Actuals: Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Balance: Recoveries (Refunds) Capped	Income Statement Activity
1	General Service - Residential												
2	Total Residential	114,942,939	$ 0.30030	$ 34,517,364.66	221,976	$ 155.50	101,673,654	$ 30,532,598.29	228,985	$ 133.34	$ 4,918,988.16	$ 4,918,988.16	$ 247,332.72
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	5,312,664	$ 0.29498	$ 1,567,129.77	9,971	$ 157.17	4,418,844	$ 1,303,470.48	10,060	$ 129.57	$ 275,199.60	$ 267,246.98	$ (31,367.06)
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	60,422,756	$ 0.22141	$ 13,378,202.32	13,549	$ 987.39	54,699,108	$ 12,110,929.44	14,056	$ 861.62	$ 1,704,057.73	$ 1,704,057.73	$ 38,280.85

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Jul-24

		Baseline					Actuals					Balance	Income Statement Activity
Ln	Rate Class	Test Year Sales Therms	Distribution Charges	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	Actual Sales Therms	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	RDM Recoveries (Refunds)	Recoveries (Refunds) Capped	
		[A]	[B]	[C] [A] x [B]	[D]	[E] [C] / [D]	[F]	[G] [F] x [B]	[H]	[I] [G]/[H]	[J] {[E]-[I]} x [D]		
1	General Service - Residential												
2	Total Residential	116,309,902	$ 0.30030	$ 34,927,863.53	222,030	$ 157.31	104,626,578	$ 31,419,361.37	227,356	$ 138.19	$ 4,245,213.60	$ 4,245,213.60	$ 673,774.56
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	5,454,019	$ 0.29498	$ 1,608,826.55	9,963	$ 161.48	4,509,376	$ 1,330,175.64	9,973	$ 133.38	$ 279,960.30	$ 267,246.98	$ -
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	62,030,430	$ 0.22141	$ 13,734,157.52	13,538	$ 1,014.49	56,987,199	$ 12,617,535.66	13,939	$ 905.20	$ 1,479,568.02	$ 1,479,568.02	$ 224,489.71

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Aug-24

		Baseline					Actuals					Balance	Income Statement Activity
Ln	Rate Class	Test Year Sales Therms	Distribution Charges	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	Actual Sales Therms	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	RDM Recoveries (Refunds)	Recoveries (Refunds) Capped	
		[A]	[B]	[C] [A] x [B]	[D]	[E] [C] / [D]	[F]	[G] [F] x [B]	[H]	[I] [G]/[H]	[J] {[E]-[I]} x [D]		
1	General Service - Residential												
2	Total Residential	118,040,606	$ 0.30030	$ 35,447,594.01	222,085	$ 159.61	108,224,625	$ 32,499,854.88	227,259	$ 143.01	$ 3,686,611.00	$ 3,686,611.00	$ 558,602.60
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	5,615,557	$ 0.29498	$ 1,656,477.02	9,956	$ 166.38	4,592,367	$ 1,354,656.34	9,963	$ 135.97	$ 302,761.96	$ 267,246.98	$ -
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	63,867,657	$ 0.22141	$ 14,140,937.91	13,528	$ 1,045.31	58,858,274	$ 13,031,810.51	13,933	$ 935.32	$ 1,487,944.72	$ 1,487,944.72	$ (8,376.70)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Sep-24

		Baseline					Actuals					Balance	Income Statement Activity
Ln	Rate Class	Test Year Sales Therms	Distribution Charges	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	Actual Sales Therms	Distribution Revenues	Customers Avg Monthly	Distribution Revenues Per Customer	RDM Recoveries (Refunds)	Recoveries (Refunds) Capped	
		[A]	[B]	[C] [A] x [B]	[D]	[E] [C] / [D]	[F]	[G] [F] x [B]	[H]	[I] [G]/[H]	[J] {[E]-[I]} x [D]		
1	General Service - Residential												
2	Total Residential	122,720,739	$ 0.30030	$ 36,853,037.87	222,139	$ 165.90	110,814,680	$ 33,277,648.40	227,090	$ 146.54	$ 4,300,611.04	$ 4,300,611.04	$ (614,000.04)
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	5,940,829	$ 0.29498	$ 1,752,425.82	9,954	$ 176.05	4,633,902	$ 1,366,908.44	9,958	$ 137.27	$ 386,016.12	$ 267,246.98	$ -
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	67,567,089	$ 0.22141	$ 14,960,029.23	13,525	$ 1,106.10	61,310,109	$ 13,574,671.16	13,926	$ 974.77	$ 1,776,238.25	$ 1,776,238.25	$ (288,293.53)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Oct-24

		Baseline					Actuals					Balance	Income Statement Activity
Ln	**Rate Class**	Test Year Sales Therms [A]	Distribution Charges [B]	Distribution Revenues [C] [A] x [B]	Customers Avg Monthly [D]	Distribution Revenues Per Customer [E] [C] / [D]	Actual Sales Therms [F]	Distribution Revenues [G] [F] x [B]	Customers Avg Monthly [H]	Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Recoveries (Refunds) Capped	
1	General Service - Residential												
2	Total Residential	136,220,915	$ 0.30030	$ 40,907,140.73	222,194	$ 184.11	117,433,789	$ 35,265,366.83	227,036	$ 155.33	$ 6,394,743.32	$ 5,718,314.22	$ (1,417,703.18)
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	6,615,790	$ 0.29498	$ 1,951,525.66	9,958	$ 195.98	5,046,732	$ 1,488,685.07	9,958	$ 149.50	$ 462,847.84	$ 267,246.98	$ -
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	75,243,646	$ 0.22141	$ 16,659,695.71	13,531	$ 1,231.22	66,130,462	$ 14,641,945.54	13,920	$ 1,051.86	$ 2,426,920.16	$ 2,281,421.91	$ (505,183.66)

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Nov-24

		Baseline					Actuals					Balance	Income Statement Activity
Ln	**Rate Class**	Test Year Sales Therms [A]	Distribution Charges [B]	Distribution Revenues [C] [A] x [B]	Customers Avg Monthly [D]	Distribution Revenues Per Customer [E] [C] / [D]	Actual Sales Therms [F]	Distribution Revenues [G] [F] x [B]	Customers Avg Monthly [H]	Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Recoveries (Refunds) Capped	
1	General Service - Residential												
2	Total Residential	158,406,758	$ 0.30030	$ 47,569,549.32	222,247	$ 214.04	135,524,198	$ 40,697,916.65	227,031	$ 179.26	$ 7,729,750.66	$ 5,718,314.22	$ -
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	7,639,111	$ 0.29498	$ 2,253,384.96	9,965	$ 226.13	5,800,916	$ 1,711,154.30	10,008	$ 170.98	$ 549,569.75	$ 267,246.98	$ -
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	86,882,230	$ 0.22141	$ 19,236,594.47	13,540	$ 1,420.72	75,352,632	$ 16,683,826.18	13,849	$ 1,204.70	$ 2,924,910.80	$ 2,281,421.91	$ -

Minnesota Energy Resources Corporation
RDM Baseline Commission Order
Dec-24

		Baseline					Actuals					Balance	Income Statement Activity
Ln	**Rate Class**	Test Year Sales Therms [A]	Distribution Charges [B]	Distribution Revenues [C] [A] x [B]	Customers Avg Monthly [D]	Distribution Revenues Per Customer [E] [C] / [D]	Actual Sales Therms [F]	Distribution Revenues [G] [F] x [B]	Customers Avg Monthly [H]	Distribution Revenues Per Customer [I] [G]/[H]	RDM Recoveries (Refunds) [J] {[E]-[I]} x [D]	Recoveries (Refunds) Capped	
1	General Service - Residential												
2	Total Residential	190,420,054	$ 0.30030	$ 57,183,142.15	222,301	$ 257.23	168,345,429	$ 50,554,132.32	227,247	$ 222.46	$ 7,729,405.77	$ 5,718,314.22	$ -
3	General Service - C&I Firm Class 1												
4	Total Small C&I - Class 1 incl farm taps	9,059,834	$ 0.29498	$ 2,672,469.82	9,971	$ 268.02	7,379,939	$ 2,176,934.40	10,079	$ 215.99	$ 518,791.13	$ 267,246.98	$ -
5	General Service - C&I Firm Class 2												
6	Total Small C&I - Class 2 incl farm taps	103,040,599	$ 0.22141	$ 22,814,219.10	13,549	$ 1,683.83	92,044,710	$ 20,379,619.33	13,799	$ 1,476.89	$ 2,803,830.06	$ 2,281,421.91	$ -

Forecasted Sales-Rate Case

General Service - Residential	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Residential	35,310,886	30,944,115	24,222,085	14,693,171	7,499,621	2,273,062	1,366,963	1,730,704	4,680,133	13,500,176	22,185,843	32,013,296	190,420,054
General Service - C&I Firm Class 1													
Total Small C&I - Class 1 incl farm taps	1,564,938	1,374,141	1,096,681	698,970	399,862	178,073	141,355	161,538	325,272	674,960	1,023,321	1,420,723	9,059,834
General Service - C&I Firm Class 2													
Total Small C&I - Class 2 incl farm taps	17,798,576	15,628,578	12,472,926	7,949,628	4,547,768	2,025,280	1,607,674	1,837,227	3,699,432	7,676,557	11,638,583	16,158,370	103,040,599

Forcasted Customers-Rate Case

General Service - Residential	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Residential	221,706	221,812	221,918	222,029	222,139	222,249	222,358	222,468	222,575	222,681	222,786	222,890	2,667,612
General Service - C&I Firm Class 1													
Total Small C&I - Class 1 incl farm taps	9,999	9,993	9,983	9,966	9,950	9,935	9,917	9,905	9,934	9,999	10,030	10,045	119,656
General Service - C&I Firm Class 2													
Total Small C&I - Class 2 incl farm taps	13,586	13,578	13,564	13,542	13,520	13,500	13,475	13,460	13,499	13,586	13,628	13,648	162,587

Actual Sales

General Service - Residential	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Residential	36,950,949	21,377,963	21,693,348	12,999,088	4,940,038	3,712,268	2,952,924	3,598,047	2,590,055	6,619,109	18,090,409	32,821,231	168,345,429
General Service - C&I Firm Class 1													
Total Small C&I - Class 1 incl farm taps	1,758,445	1,057,121	973,594	486,220	65,906	77,557	90,532	82,991	41,535	412,830	754,184	1,579,023	7,379,939
General Service - C&I Firm Class 2													
Total Small C&I - Class 2 incl farm taps	17,748,013	12,642,826	10,903,481	7,195,826	3,491,129	2,717,833	2,288,091	1,871,076	2,451,834	4,820,353	9,222,170	16,692,079	92,044,710

Actual Customers

General Service - Residential	January	February	March	April	May	June	July	August	September	October	November	December	Total
Total Residential	227,251	226,632	228,036	228,221	228,474	235,297	217,581	226,576	225,744	226,552	226,980	229,625	2,726,969
General Service - C&I Firm Class 1													
Total Small C&I - Class 1 incl farm taps	10,005	9,943	9,942	10,107	9,969	10,393	9,453	9,892	9,917	9,955	10,513	10,862	120,952
General Service - C&I Firm Class 2													
Total Small C&I - Class 2 incl farm taps	13,960	13,916	13,962	13,975	13,925	14,598	13,232	13,897	13,864	13,870	13,136	13,255	165,592

	Residential		C&I Firm - Class 1 **		C&I Firm - Class 2 **		Summary	
	Activity (Bill)/Refund	End Bal.	Activity (Bill)/Refund	End Bal.	Activity (Bill)/Refund	End Bal.	Activity (Bill)/Refund	End Bal.
Beginning Balance		$ (2,877,868.21)						$ (2,877,868.21)
Jun-23	$ (26,211.99)	$ (2,904,080.20)					$ (26,211.99)	$ (2,904,080.20)
Jul-23	$ 51,711.55	$ (2,852,368.65)					$ 51,711.55	$ (2,852,368.65)
Aug-23	$ 42,163.97	$ (2,810,204.68)					$ 42,163.97	$ (2,810,204.68)
Sep-23	$ 46,828.68	$ (2,763,376.00)					$ 46,828.68	$ (2,763,376.00)
Oct-23	$ 66,153.16	$ (2,697,222.84)					$ 66,153.16	$ (2,697,222.84)
Nov-23	$ 199,307.67	$ (2,497,915.17)					$ 199,307.67	$ (2,497,915.17)
Dec-23	$ 374,261.66	$ (2,123,653.51)					$ 374,261.66	$ (2,123,653.51)
Jan-24	$ 449,955.56	$ (1,673,697.95)					$ 449,955.56	$ (1,673,697.95)
Feb-24	$ 433,135.37	$ (1,240,562.58)					$ 433,135.37	$ (1,240,562.58)
Mar-24	$ 363,430.36	$ (877,132.22)					$ 363,430.36	$ (877,132.22)
Apr-24	$ 306,441.81	$ (570,690.41)					$ 306,441.81	$ (570,690.41)
May-24	$ 153,709.83	$ (416,980.58)					$ 153,709.83	$ (416,980.58)
		$ (416,980.58)						$ (416,980.58)

** NOTE: The first RDM surcharge for C&I Firm - Class 1 and C&I Firm - Class 2 is effective June 1, 2025, therefore there will be no Reconciliation Adjustment for the time period shown.

Attachment B

Filed as separate Excel Spreadsheet

Attachment C

		Residential	GS - Firm Class 1 **	GS - Firm Class 2	Total	Notes
						MERC's first Decoupling Evaluation Report containing Calendar Year 2013 was filed on March 27, 2014. Therefore there were no Surcharges/(Refunds)
Calendar Year 2013	Total Surcharge/(Refund)	$0.00	$0.00		$0.00	associated with the decoupling mechanism in Calendar Year 2013.
Calendar Year 2014	Total Surcharge/(Refund)	($3,283,235.08)	($166,425.61)		($3,449,660.69)	
	Forecasted Sales	169,606,110	10,622,007			Forecasted sales approved in MERC's 2014 rate case, Docket No. G011/GR-13-617.
	Surcharge/(Refund) Rate	($0.01936)	($0.01567)			
Calendar Year 2015	Surcharge/(Refund)	$3,283,235.08	$59,397.78		$3,342,632.86	MERC's third Decoupling Evaluation Report containing Calendar Year 2015 was filed on April 29, 2016. On August 17, 2016, the Commission issued an
						Order accepting MERC's 2015 decoupling evaluation report, requiring MERC to include future reconciliation adjustment calculations in its decoupling
	2013 Reconciliation Adjustment	$145,449.15	$71,636.17		$217,085.32	annual report, and requiring MERC to file restated customer billing information.
	Total Surcharge/(Refund)	$3,428,684.23	$131,033.95		$3,559,718.18	
	Forecasted Sales	169,606,110	10,622,007			Forecasted sales approved in MERC's 2014 rate case, Docket No. G011/GR-13-617.
	Surcharge/(Refund) Rate	$0.02022	$0.01234			
Calendar Year 2016	Surcharge/(Refund)	$3,844,070.84	$228,813.53		$4,072,884.37	
	2014 Reconciliation Adjustment	($672,640.71)	($64,761.49)		($737,402.20)	
	Total Surcharge/(Refund)	$3,171,430.13	$164,052.04		$3,335,482.17	
	Forecasted Sales	180,058,590	11,856,852			Forecasted sales approved in MERC's 2016 rate case, Docket No. G011/GR-15-736.
	Surcharge/(Refund) Rate	$0.01761	$0.01384			
Calendar Year 2017	Surcharge/(Refund)	$2,164,098.54	$151,346.88		$2,315,445.42	On February 6, 2019, the Commission issued an Order approving MERC's 2017 decoupling evaluation report and requiring the Company to file all
						future annual decoupling evaluation reports in separate dockets.
	2015 Reconciliation Adjustment	$793,687.75	$59,022.26		$852,710.01	
	Total Surcharge/(Refund)	$2,957,786.29	$210,369.14		$3,168,155.43	
	Forecasted Sales	180,058,590	11,856,852			Forecasted sales approved in MERC's 2016 rate case, Docket No. G011/GR-15-736.
	Surcharge/(Refund) Rate	$0.01643	$0.01774			
Calendar Year 2018	Surcharge/(Refund)	($3,152,861.69)	$42,301.05		($3,110,560.64)	On December 26, 2018, the Commission issued its Order in MERC's 2018 rate case, Docket No. G011/GR-17-563, approving removal of MERC's general service
						Small C&I customer class from decoupling effective January 1, 2019.
	2016 Reconciliation Adjustment	($90,177.27)	$25,025.41		($65,151.86)	
	Total Surcharge/(Refund)	($3,243,038.96)	$67,326.46		($3,175,712.50)	
	Forecasted Sales	183,783,848	9,089,669			Forecasted sales approved in MERC's 2018 rate case, Docket No. G011/GR-17-563.
	Surcharge/(Refund) Rate	($0.01765)	$0.00741			
Calendar Year 2019	Surcharge/(Refund)	($3,994,174.37)	n/a		($3,994,174.37)	On March 8, 2021, the Commission issued an Order in MERC's 2019 RDM, Docket No. G011/M-20-332, approving MERC's January 15, 2020, proposal in Docket
						No. G011/M-19-201 for the reconciliation of over- and under-recoveries from SC&I customers in 2017 and 2018, but denying deferred accounting for any
	2017 Reconciliation Adjustment	($399,861.47)	$40,447.21		($359,414.26)	remaining residual amounts.
	Total Surcharge/(Refund)	($4,394,035.84)	$40,447.21		($4,353,588.63)	
	Forecasted Sales	183,783,848	9,089,669			Forecasted sales approved in MERC's 2018 rate case, Docket No. G011/GR-17-563.
	Surcharge/(Refund) Rate	($0.02391)	$0.00445			
Calendar Year 2020	Surcharge/(Refund)	$16,826.48	n/a		$16,826.48	On March 8, 2021, the Commission issued an Order in MERC's 2019 RDM, Docket No. G011/M-20-332, approving MERC's January 15, 2020, proposal in Docket
						No. G011/M-19-201 for the reconciliation of over- and under-recoveries from SC&I customers in 2017 and 2018, but denying deferred accounting for any
	2018 Reconciliation Adjustment	($452,884.83)	$1,886.97		($450,997.86)	remaining residual amounts.
	Total Surcharge/(Refund)	($436,058.35)	$1,886.97		($434,171.38)	
	Forecasted Sales	183,783,848	9,089,669			Forecasted sales approved in MERC's 2018 rate case, Docket No. G011/GR-17-563.
	Surcharge/(Refund) Rate	($0.00237)	$0.00021			
Calendar Year 2021	Surcharge/(Refund)	$3,310,609.94	n/a		$3,310,609.94	On March 8, 2021, the Commission issued an Order in MERC's 2019 RDM, Docket No. G011/M-20-332, approving MERC's January 15, 2020, proposal in Docket
						No. G011/M-19-201 for the reconciliation of over- and under-recoveries from SC&I customers in 2017 and 2018, but denying deferred accounting for any
	2019 Reconciliation Adjustment	($64,301.34)	n/a		($64,301.34)	remaining residual amounts.
	Total Surcharge/(Refund)	$3,246,308.60	n/a		$3,246,308.60	
	Forecasted Sales	183,783,848	n/a			Forecasted sales approved in MERC's 2018 rate case, Docket No. G011/GR-17-563.
	Surcharge/(Refund) Rate	$0.01766	n/a			
Calendar Year 2022	Surcharge/(Refund)	($3,544,077.35)	n/a		($3,544,077.35)	
	2020 Reconciliation Adjustment	$503,755.76	n/a		$503,755.76	
	Total Surcharge/(Refund)	($3,040,321.59)	n/a		($3,040,321.59)	
	Forecasted Sales	183,783,848	n/a			Forecasted sales approved in MERC's 2018 rate case, Docket No. G011/GR-17-563.
	Surcharge/(Refund) Rate	($0.01654)	n/a			
Calendar Year 2023	Surcharge/(Refund)	$4,893,021.60	n/a		$4,893,021.60	
	2021 Reconciliation Adjustment	($49,132.16)	n/a		($49,132.16)	
	Total Surcharge/(Refund)	$4,843,889.44	n/a		$4,843,889.44	
	Forecasted Sales	190,420,054	n/a			Forecasted sales approved in MERC's 2023 rate case, Docket No. G011/GR-22-504.
	Surcharge/(Refund) Rate	$0.02544	n/a			
Calendar Year 2024	Surcharge/(Refund)	$5,718,314.22	$267,246.98	$2,281,421.91	$8,266,983.11	On November 14, 2023, the Commission issued an Order in MERC's 2023 Rate Case, Docket No. G011/M-22-504, approving the settlement which includes general
						service system sales C&I Firm Class 1 and Firm Class 2 customer classes, including associated Farm Tap customers, in the RDM pilot beginning with calendar year
	2022 Reconciliation Adjustment	($416,980.58)	$0.00	$0.00	($416,980.58)	2024.
	Total Surcharge/(Refund)	$5,301,333.64	$267,246.98	$2,281,421.91	$5,568,580.62	
	Forecasted Sales	190,420,054	9,059,834	103,040,599		Forecasted sales approved in MERC's 2023 rate case, Docket No. G011/GR-22-504.
	Surcharge/(Refund) Rate	$0.02784	$0.02950	$0.02214		

**** Prior to 2018, GS-Firm Class 1 was defined as Small C&I**

Attachment D

Clean Tariff Sheets

1. Purpose

The purpose of the Revenue Decoupling Mechanism (RDM) is to: (a) reduce the financial disincentive for Minnesota Energy Resources Corporation (Company) to promote energy efficiency and conservation and (b) promote distribution revenue symmetry by breaking the link between sales volumes and distribution revenues.

2. Applicability

Effective January 1, 2019, the RDM shall apply to all customers served under the Residential and Residential-Farm Tap rate schedules. Effective January 1, 2024, the RDM shall be extended to general service system sales Commercial & Industrial Firm Class 1 and general service system sales Commercial & Industrial Firm Class 2 rate schedules, including associated Class 1 and Class 2 Farm Tap customers. The first RDM adjustment for these added customer classes will be filed and implemented June 1, 2025.

3. Definitions

As used in the RDM, the terms below are defined to mean:

Actual Margin (AM) shall mean that dollar amount of distribution revenues, excluding revenues arising from the CCRC and adjustments under the RDM, which were billed for each applicable Rate Schedule Group in the Calendar Year.

Actual Customers (AC) shall mean the number of customers in each applicable Rate Schedule Group in the Calendar Year.

Billing Period shall mean the 12-month period, or any other period deemed reasonable by the Commission, beginning the date the Company submits its RDM adjustment under Section 7 succeeding the Calendar Year for which the RDM is billed.

Conservation Cost Recovery Charge (CCRC) shall mean the Conservation Cost Recovery Charge imbedded in base volumetric distribution rates.

Factor V (V) shall mean the sales volumes, in therms, projected to be delivered by the Company to customers in each applicable Rate Schedule Group for the Billing Period.

Calendar Year shall mean the Calendar Year that ended as of the most recent December 31.

Rate Case Customers (RCC) shall mean the number of customers that underlie the distribution rates approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group.

Rate Case Margin (RCM) shall mean the dollar amount of distribution revenues arising from the test year sales volumes and distribution charges approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group, less any revenues arising from the CCRC.

Rate Schedule Group shall mean the rate schedule groups approved by the Commission in Docket No. G011/GR-22-504 for the purposes of determining an RDM adjustment.

Reconciliation Adjustment (RA) shall mean dollar amounts due the Company (+RA) or the customers (-RA) arising from RDM adjustments that were under-billed or over-billed to each Rate Schedule Group in the Billing Period.

4. Determination of Adjustment

There shall be a separate per therm adjustment amount determined under the RDM for each applicable Rate Schedule Group and such amount shall be determined as follows:

$$\frac{[(RCM / RCC) - (AM / AC)] \times RCC}{V} + \frac{RA}{V}$$

Where:

RCM = Rate Case Margin for the Calendar Year.

RCC = Rate Case Customers for the Calendar Year.

AM = Actual Margin for the Calendar Year.

AC = Number of Actual Customers for the Calendar Year.

V = Factor V for the Billing Period.

RA = Reconciliation Adjustment as defined in Section 3.

5. Symmetrical Cap

A symmetrical cap of ten percent of non-gas margin rates, excluding CCRC rates, will be imposed on the calculation of the RDM. The cap limits the amount the Company can collect or credit via the RDM to ten percent of distribution revenues.

6. Minnesota Public Utilities Commission (Commission) Authority

If warranted by unforeseen circumstances, the Commission has the authority to modify or suspend the rates set via the RDM calculation during the pilot program.

7. Reports

Beginning in 2022 and until the RDM terminates, no later than June 1 of each year, the Company shall file annually with the Commission a calculation of the RDM adjustments, as well as any applicable reconciliation adjustment calculations, to be effective for each Rate Schedule Group for the Billing Period. Adjustments shall be effective with bills rendered on or after June 1 of the Billing Period and shall continue for 12 months, or any other period deemed reasonable by the Commission.

No later than June 1 each year, the Company shall file annually with the Commission a Decoupling Evaluation Report for the preceding Calendar Year, with information required by the Commission in Docket Nos. G011/GR-15-736, G011/GR-17-563, and G011/M-20-332.

In the event any portions of the proposed RDM adjustments are modified by the Commission, the adjustments shall be adjusted in accordance with the Commission's Order.

The Company shall record its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of the RDM in actual earnings. Such estimates shall be adjusted if necessary, upon filing RDM calculations with the Commission and again upon final Commission approval.

8. Pilot Period

Pursuant to the Commission's Order in Docket No. G011/GR-22-504, the pilot revenue decoupling program is extended through 2025, with RDM adjustments effective through May 2027. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

9. RDM Rates

The RDM rates effective June 1, 2025 shall be as follows:

Rate Class	**Surcharge/(Refund) Rate/Therm**
Residential, including Farm Tap	$ 0.02784
System Sales Commercial & Industrial Firm Class 1, including Farm Tap	$ 0.02950
System Sales Commercial & Industrial Firm Class 2, including Farm Tap	$ 0.02214

Redline Tariff Sheets

1. Purpose

The purpose of the Revenue Decoupling Mechanism (RDM) is to: (a) reduce the financial disincentive for Minnesota Energy Resources Corporation (Company) to promote energy efficiency and conservation and (b) promote distribution revenue symmetry by breaking the link between sales volumes and distribution revenues.

2. Applicability

Effective January 1, 2019, the RDM shall apply to all customers served under the Residential and Residential-Farm Tap rate schedules. Effective January 1, 2024, the RDM shall be extended to general service system sales Commercial & Industrial Firm Class 1 and general service system sales Commercial & Industrial Firm Class 2 rate schedules, including associated Class 1 and Class 2 Farm Tap customers. The first RDM adjustment for these added customer classes will be filed and implemented June 1, 2025.

3. Definitions

As used in the RDM, the terms below are defined to mean:

Actual Margin (AM) shall mean that dollar amount of distribution revenues, excluding revenues arising from the CCRC and adjustments under the RDM, which were billed for each applicable Rate Schedule Group in the Calendar Year.

Actual Customers (AC) shall mean the number of customers in each applicable Rate Schedule Group in the Calendar Year.

Billing Period shall mean the 12-month period, or any other period deemed reasonable by the Commission, beginning the date the Company submits its RDM adjustment under Section 7 succeeding the Calendar Year for which the RDM is billed.

Conservation Cost Recovery Charge (CCRC) shall mean the Conservation Cost Recovery Charge imbedded in base volumetric distribution rates.

Factor V (V) shall mean the sales volumes, in therms, projected to be delivered by the Company to customers in each applicable Rate Schedule Group for the Billing Period.

Calendar Year shall mean the Calendar Year that ended as of the most recent December 31.

Rate Case Customers (RCC) shall mean the number of customers that underlie the distribution rates approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group.

Rate Case Margin (RCM) shall mean the dollar amount of distribution revenues arising from the test year sales volumes and distribution charges approved by the Commission in the Company's most recent rate proceeding for each applicable Rate Schedule Group, less any revenues arising from the CCRC.

Rate Schedule Group shall mean the rate schedule groups approved by the Commission in Docket No. G011/GR-22-504 for the purposes of determining an RDM adjustment.

Reconciliation Adjustment (RA) shall mean dollar amounts due the Company (+RA) or the customers (-RA) arising from RDM adjustments that were under-billed or over-billed to each Rate Schedule Group in the Billing Period.

4. Determination of Adjustment

There shall be a separate per therm adjustment amount determined under the RDM for each applicable Rate Schedule Group and such amount shall be determined as follows:

$$\frac{[(RCM / RCC) - (AM / AC)] \times RCC}{V} + \frac{RA}{V}$$

Where:

RCM = Rate Case Margin for the Calendar Year.

RCC = Rate Case Customers for the Calendar Year.

AM = Actual Margin for the Calendar Year.

AC = Number of Actual Customers for the Calendar Year.

V = Factor V for the Billing Period.

RA = Reconciliation Adjustment as defined in Section 3.

5. Symmetrical Cap

A symmetrical cap of ten percent of non-gas margin rates, excluding CCRC rates, will be imposed on the calculation of the RDM. The cap limits the amount the Company can collect or credit via the RDM to ten percent of distribution revenues.

6. Minnesota Public Utilities Commission (Commission) Authority

If warranted by unforeseen circumstances, the Commission has the authority to modify or suspend the rates set via the RDM calculation during the pilot program.

7. Reports

Beginning in 2022 and until the RDM terminates, no later than June 1 of each year, the Company shall file annually with the Commission a calculation of the RDM adjustments, as well as any applicable reconciliation adjustment calculations, to be effective for each Rate Schedule Group for the Billing Period. Adjustments shall be effective with bills rendered on or after June 1 of the Billing Period and shall continue for 12 months, or any other period deemed reasonable by the Commission.

No later than June 1 each year, the Company shall file annually with the Commission a Decoupling Evaluation Report for the preceding Calendar Year, with information required by the Commission in Docket Nos. G011/GR-15-736, G011/GR-17-563, and G011/M-20-332.

In the event any portions of the proposed RDM adjustments are modified by the Commission, the adjustments shall be adjusted in accordance with the Commission’s Order.

The Company shall record its best estimate of the amounts to be recognized under the RDM so as to reflect in its books and records a fair representation of the impact of the RDM in actual earnings. Such estimates shall be adjusted if necessary, upon filing RDM calculations with the Commission and again upon final Commission approval.

8. Pilot Period

Pursuant to the Commission’s Order in Docket No. G011/GR-22-504, the pilot revenue decoupling program is extended through 2025, with RDM adjustments effective through May 2027. The Company may request approval from the Commission to extend the RDM beyond the pilot period.

9. RDM Rates

The RDM rates effective June 1, 2025~~4~~ shall be as follows:

Rate Class	Surcharge/(Refund) Rate/Therm
Residential, including Farm Tap	$ ~~0.02544~~0.02784
System Sales Commercial & Industrial Firm Class 1, including Farm Tap	$ 0.02950
System Sales Commercial & Industrial Firm Class 2, including Farm Tap	$ 0.02214

1. APPLICABILITY

2024 Revenue Decoupling Mechanism Adjustment Calculation and Decoupling Evaluation Report

Docket No. G011/M-25-52

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 30th day of May, 2025 on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Revenue Decoupling Adjustment Calculation and Evaluation Report 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 30th day of May, 2025.

/s/ Kristin M. Stastny

Kristin M. Stastny

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP		50 S 6th St Ste 1500 Minneapolis MN, 55402-1498 United States	Electronic Service		No	M-25-52
2	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-52
3	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-25-52
4	Daryll	Fuentes	energy@usg.com	USG Corporation		550 W Adams St Chicago IL, 60661 United States	Electronic Service		No	M-25-52
5	Joylyn C	Hoffman Malueg	joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources		2685 145th St W Rosemount MN, 55068 United States	Electronic Service		No	M-25-52
6	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-52
7	Catherine	Phillips	catherine.phillips@wecenergygroup.com	Minnesota Energy Resources		231 West Michigan St Milwaukee WI, 53203 United States	Electronic Service		No	M-25-52
8	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-52
9	Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.		225 South Sixth Street Suite 3500 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-52
10	Will	Seuffert	will.seuffert@state.mn.us		Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul MN, 55101 United States	Electronic Service		Yes	M-25-52
11	Richard	Stasik	richard.stasik@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		231 West Michigan St - P321 Milwaukee WI, 53203	Electronic Service		No	M-25-52

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
						United States				
12	Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP		2200 IDS Center 80 South 8th Street Minneapolis MN, 55402 United States	Electronic Service		No	M-25-52
13	Tina E	Wuyts	tina.wuyts@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)		PO Box 19001 700 N Adams St Green Bay WI, 54307-9001 United States	Electronic Service		No	M-25-52