

Direct Testimony and Schedules  
Gregory J. Walters

Before the Minnesota Public Utilities Commission  
State of Minnesota

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

Docket No. G011/GR-13-617

Exhibit \_\_\_\_\_

**Rate Design and Appliance Service Company Cost Allocators**

September 30, 2013

## TABLE OF CONTENTS

I.	Introduction and Qualifications	1
II.	Distribution and PGA Consolidation	3
III.	Rate Design	6
	A. Rate Classes	7
	B. Revenue Apportionment and Proposed Rates	8
	C. Recovery of the Revenue Deficiency	27
IV.	Gas Affordability Program	30
V.	Tariff Changes	32
VI.	Telemetry Installation	33
VII.	Appliance Service Cost Allocation	34
VIII.	Conclusion	39

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Gregory J. Walters. My business address is 3460 Technology Drive NW,  
4 Rochester, MN 55901.

5  
6 Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

7 A. I am employed by Minnesota Energy Resources Corporation (“MERC”) as the Manager  
8 of Regulatory and Legislative Affairs.

9  
10 Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

11 A. I have been the Regulatory and Legislative Affairs Manager at MERC since February  
12 2007. Prior to that time, I have held various positions with MERC and the previous  
13 owners of the current MERC properties. My most recent positions have included Senior  
14 External Affairs Manager and SE MN Region Manager. I have worked in the utility  
15 business for the past 36 years.

16  
17 Q. FOR WHOM ARE YOU PROVIDING TESTIMONY?

18 A. I am testifying on behalf of MERC).

19  
20 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

21 A. My testimony presents MERC’s proposed rate design for recovering the revenue  
22 requirement provided by Mr. Seth DeMerritt in his Direct Testimony for the test year  
23 ended December 31, 2014. The Direct Testimony of Ms. Joylyn Hoffman Malueg

1 provides the Class Cost of Service Study (“CCOSS”) that supports my rate proposals. I  
2 also discuss the Company’s Gas Affordability Program. Finally, I describe how MERC  
3 allocates costs between its regulated utility service and its non-regulated ServiceChoice  
4 business.

5

6 Q. ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR  
7 TESTIMONY IN THIS PROCEEDING?

8 A. Yes, I am. I am sponsoring Exhibit \_\_\_\_\_ (GJW-1) and Exhibit \_\_\_\_\_ (GJW-2).

9

10 Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR DIRECTION  
11 AND SUPERVISION?

12 A. Yes, they were.

13

14

15

1                   **II. DISTRIBUTION RATE AREA AND PGA CONSOLIDATION**

2    Q.    PLEASE DISCUSS THE STEPS THAT WERE TAKEN IN MERC’S LAST RATE  
3           CASE IN REGARDS TO THE CONSOLIDATION OF THE MERC-PNG AND MERC-  
4           NMU DISTRIBUTION RATE AREAS AND PGAS.

5    A.    In MERC’s last rate case, Docket G007,011/GR-10-977, MERC sought and received  
6           approval to consolidate the MERC-NMU and MERC-PNG distribution rates. MERC also  
7           received approval to operate as one entity in Minnesota. The two previous entities,  
8           MERC-NMU and MERC-PNG, now do business as MERC. This consolidation was  
9           implemented January 1, 2013. MERC also sought and received approval to consolidate  
10          their four PGA’s, MERC-PNG NNG, MERC-PNG-GLGT, MERC-PNG-VKG and  
11          MERC-NMU into 2 PGA’s, MERC-NNG and MERC-Consolidated. The PGA  
12          consolidation was implemented on July 1, 2013.

13  
14   Q.    PLEASE DESCRIBE IN GENERAL TERMS THE CONTENT OF SCHEDULES 1-12  
15          INCLUDED IN THE RATE DESIGN MODEL.

16   A.    The general content of the schedules in Exhibit \_\_\_\_\_ (GJW-1), are as follows:

17           Schedule 1 shows the current and proposed monthly fixed charges, demand charges,  
18           and per therm rates for each rate class.

19  
20           Schedule 2 is a side-by-side comparison of the current and proposed monthly fixed  
21           charges, demand charges, and per therm rates for each rate class.

22  
23           Schedule 3, Summary, provides a summary comparison of the amount of revenue  
24           generated, including gas costs, under the current and proposed monthly fixed charges,  
25           demand charges, and per therm rates for each rate class.

26  
27           Schedule 3 is a comparison of the amount of revenue generated, including gas costs,  
28           under the current and proposed monthly fixed charges, demand charges, and per  
29           therm rates for each rate class.

1  
2 Schedule 4 is an analysis of the bill impacts, including gas costs, under the current  
3 and proposed monthly fixed charges, demand charges, and per therm rates for each  
4 rate class.

5  
6 Schedule 5, Summary, provides a summary comparison of the amount of revenue  
7 generated, not including gas costs, under the current and proposed monthly fixed  
8 charges, demand charges, and per therm rates for each rate class.

9  
10 Schedule 5 is a comparison of the amount of revenue generated, not including gas  
11 costs, under the current and proposed monthly fixed charges, demand charges, and  
12 per therm rates for each rate class.

13  
14 Schedule 6 is an analysis of the bill impacts, not including gas costs, under the current  
15 and proposed monthly fixed charges, demand charges, and per therm rates for each  
16 rate class.

17  
18 Schedule 7 is a side-by-side comparison of the amount of margin revenue generated  
19 by each rate component under the current and proposed monthly fixed charges,  
20 demand charges, and per therm rates for each rate class.

21  
22 Schedule 8 is a breakpoint analysis of MERC's proposed gas rate design for the small  
23 and large commercial and industrial General Service rate classes.

24  
25 Schedule 9 is side-by-side comparison of the amount of margin revenue generated  
26 under current and proposed rates for individual tariffs and classes of service,  
27 including gas costs.

28  
29 Schedule 10 is side-by-side comparison of the amount of margin revenue generated  
30 under current and proposed rates for individual tariffs and classes of service, not  
31 including gas costs.

32  
33 Schedule 11 is a comparison of the annual bill for the average customer taking service  
34 under each tariff, including gas costs.

35  
36 Schedule 12 is a comparison of the annual bill for the average customer taking service  
37 under each tariff, not including gas costs.

38  
39  
40  
41 Q. PLEASE DESCRIBE IN GENERAL TERMS THE CONTENT OF EXHIBIT \_\_\_\_\_  
42 (GJW-2).

1 A. Exhibit \_\_\_\_\_ (GJW-2) is a calculation of the ServiceChoice cost allocation.

2

3

4

1 **III. RATE DESIGN**

2 Q. WHAT ARE MERC’S PRIMARY OBJECTIVES IN THE DESIGN OF NATURAL  
3 GAS RATES?

4 A. Our primary objectives are to:

- 5 (1) Collect total revenues sufficient to allow MERC to recover its cost of operations for  
6 the test year, including a reasonable return on investment;  
7  
8 (2) Reflect the cost of providing service to each customer class, as supported by the  
9 CCOSS, while giving consideration to non-cost factors where appropriate, e.g.,  
10 value of service;  
11  
12 (3) Provide overall revenue stability to MERC;  
13  
14 (4) Encourage sound economic energy use;  
15  
16 (5) Minimize cross-subsidization between rate classes;  
17  
18 (6) Avoid large bill impacts or “rate shock”;  
19  
20 (7) Limit the impact of the proposed rates on low-income customers; and  
21  
22 (8) Provide flexibility in pricing and service conditions, which will allow MERC’s  
23 natural gas services to be competitive with other energy sources.  
24

25 Q. WHAT ARE THE TEST YEAR REVENUES AT PRESENT AND PROPOSED  
26 RATES?

27 A. The 2014 test year revenues applying present and proposed consolidated rates are as  
28 follows:

	<b>Present Rates</b>	<b>Proposed Rates</b>	<b>Difference</b>
<b>MERC - Minnesota</b>	\$257,186,462	\$271,374,001	\$14,187,539

29



1 Present rates include the distribution rates authorized in MERC's most recent natural gas  
2 rate in Docket No. G007,011/GR-10-977. The revenue deficiency developed by Mr.  
3 DeMerritt shows a revenue deficiency of \$14,187,597 for MERC. The proposed  
4 distribution rates are designed to produce an increase in retail revenues of \$14,187,539  
5 for MERC. See Exhibit \_\_\_\_\_ (GJW-1), Schedule 3, Summary. Proposed sales and  
6 transportation service volumes for the 2014 test year, provided by Mr. Harry W. Johns,  
7 were applied to both present and proposed rates to obtain these test year revenues.  
8

9 **A. Rate Classes**

10 Q. PLEASE DESCRIBE THE GENERAL CATEGORIES OF SERVICE MERC  
11 PROVIDES TO ITS CUSTOMERS.

12 A. MERC provides sales service and transportation service. For sales service, MERC offers  
13 a fully bundled service, which means that MERC procures wholesale natural gas for these  
14 customers, procures the interstate pipeline transportation, and distributes and resells gas  
15 to these customers. Transportation service customers acquire their own gas supplies via  
16 an unregulated gas supplier and procure their own pipeline transportation to MERC's  
17 town border station(s). MERC then delivers this third party gas to the transportation  
18 customers' premises through MERC's gas distribution system. A limited number of  
19 ("mainline") customers, such as certain taconite facilities, are directly connected to the  
20 interstate gas pipeline and do not utilize MERC's gas distribution system.

21  
22 Sales and transportation customers can take either firm or interruptible service. Firm  
23 service is typically not subject to curtailment, and is priced to include the costs of

1 providing that reliability. Service to customers taking interruptible service can be  
2 curtailed as needed to maintain system reliability.

3  
4 Q. HAVE YOU PROPOSED ANY CHANGES TO THE EXISTING RATE CLASSES?

5 A. No, MERC is not proposing any changes to any of the existing rate classes.  
6

7 ***B. Revenue Apportionment and Proposed Rates***

8 Q. HOW WAS THE PROPOSED REVENUE REQUIREMENT APPORTIONMENT  
9 DEVELOPED?

10 A. The CCOSS was the starting point for the apportionment of the retail revenue  
11 requirement among the rate classes. Other rate design goals were then considered, as  
12 noted above, such as maintaining competitive pricing for competitive services, and  
13 limiting large bill impacts or “rate shock.” MERC’s goal was to recover as closely as  
14 possible the costs imposed by each class, while avoiding unacceptably high billing  
15 impacts.

16  
17 Q. HAVE YOU PREPARED A SUMMARY OF HOW THE PRESENT RATES  
18 COMPARE TO THE PROPOSED RATES FOR THE AVERAGE CUSTOMER IN  
19 EACH RATE CLASS?

20 A. Yes. Exhibit \_\_\_\_\_ (GJW-1), Schedule 11 includes a comparison of the present annual  
21 bill to the proposed annual bill, based on average annual usage for every rate class,  
22 including gas costs. Exhibit \_\_\_\_\_ (GJW-1), Schedule 12 performs the same analysis,  
23 not including gas costs.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

Additionally, Exhibit \_\_\_\_\_ (GJW-1), Schedule 4 is an analysis of the bill impacts, including gas costs, under the current and proposed monthly fixed charges, demand charges, and per therm rates for each rate class. Exhibit \_\_\_\_\_ (GJW-1), Schedule 6 performs the same analysis, not including gas costs.

Q. HAVE YOU PREPARED A SUMMARY OF THE PRESENT AND PROPOSED RATES FOR EACH RATE CLASS?

A. Yes. Exhibit \_\_\_\_\_ (GJW-1), Schedule 2 shows the present and proposed monthly customer charge, daily firm capacity charge, and volumetric distribution charge for each rate class.

Additionally, as required by Minnesota Rule 7825.4300(A), a summary comparison of test year operating revenue under present and proposed rates by customer class of service showing the difference in revenue and percentage change is included in Exhibit \_\_\_\_\_ (GJW-1), Schedule 3, Summary (including gas costs), and Schedule 5, Summary (not including gas costs).

As required by Minnesota Rule 7825.4300(B), a detailed comparison of test year operating revenue under present and proposed rates by type of charge including minimum demand, energy by block, gross receipts, automatic adjustments, and other charge categories within each rate schedule and within each customer class of service is included in Exhibit \_\_\_\_\_ (GJW-1), Schedule 3 (including gas costs), and Schedule 5 (not

1 including gas costs). Exhibit \_\_\_\_\_ (GJW-1), Schedule 7 provides a side-by-side  
2 comparison of the amount of revenue generated by each rate component under the current  
3 and proposed monthly fixed charges, demand charges, and per therm rates for each rate  
4 class.

5  
6 **GENERAL SERVICE RATE CLASSES**

7 Q. PLEASE EXPLAIN THE GENERAL SERVICE RATE CLASSES.

8 A. The General Service (“GS”) rate class is made up of residential and  
9 commercial/industrial customers including farm tap customers who want a fully bundled  
10 service, as discussed above. These customers are usually small volume (less than 200  
11 dekatherms per day), and represent the vast majority of our Minnesota customers.

12  
13 Q. PLEASE SUMMARIZE YOUR GENERAL SERVICE RATE DESIGN PROPOSALS.

14 A. I am proposing the following monthly customer charges for all general service customers  
15 served by MERC: \$11.00 for Residential, \$18.00 for Small Commercial and Industrial  
16 (“C&I”) customers taking up to 1,500 therms, and \$45.00 for Large C&I customers  
17 taking in excess of 1,500 therms per year.

18  
19 MERC is proposing a distribution charge of \$0.22848 per therm for all Residential GS  
20 rate classes served by MERC. This would include all current MERC-NNG and MERC-  
21 Consolidated customers. A comparison of bills for various usage levels, including gas  
22 costs, under present and proposed rates is shown in Exhibit \_\_\_\_\_ (GJW-1), Schedule 4,  
23 and the proposed increase for an average customer is shown in Exhibit \_\_\_\_\_ (GJW-1),

1 Schedule 11. Exhibit \_\_\_\_\_ (GJW-1), Schedules 6 and 12 perform the same analysis, not  
2 including gas costs.

3  
4 If the Commission were to adopt a lower customer charge than MERC proposes, the  
5 distribution charge would need to be higher than MERC's proposal to achieve the same  
6 level of overall revenue recovery.

7  
8 As approved by the Commission in MERC's last two rate cases, MERC is proposing that  
9 farm tap customers be charged the same customer charge and commodity rate as the other  
10 GS customers.

11  
12 Q. DOES THE PROPOSED MONTHLY CUSTOMER CHARGE FOR RESIDENTIAL  
13 SERVICE RECOVER THE FIXED COSTS OF PROVIDING SERVICE?

14 A. No, it does not. The proposed monthly customer charges recover approximately 43% of  
15 the customer related fixed costs of providing service, which MERC incurs whether or not  
16 the customer uses any gas. The table below summarizes the current and proposed  
17 monthly residential customer charges, and the monthly customer charges justified by the  
18 CCOSS.

	<b>Current Customer Charge</b>	<b>Proposed Customer Charge</b>	<b>Customer Charge Justified by the CCOSS</b>
<b>MERC RESIDENTIAL</b>	\$8.50	\$11.00	\$25.53

19

1 Q. PLEASE DISCUSS IN MORE DETAIL MERC'S PROPOSAL TO MOVE THE  
2 MONTHLY CUSTOMER CHARGE CLOSER TO COST OF SERVICE.

3 A. MERC's proposed \$11.00 monthly residential customer charge would move the existing  
4 customer charge from its current 33% to 43% of the actual cost of service for MERC.  
5 The proposed customer charge is well below the recommended charge in the CCOSS.  
6 The overall rate increase proposed for the residential classes is below the recommended  
7 overall increase in the CCOSS. MERC believes that increasing the customer charge is a  
8 reasonable step in moving the rate toward cost of service. MERC is also proposing  
9 increases to some classes that currently pay more than what is indicated in the CCOSS to  
10 moderate the overall increase to the Residential rate classes.

11  
12 From a customer's perspective, the current gas distribution rate structure (low monthly  
13 fixed charges and high per therm rates) results in

- 14 a. Relatively higher winter bills and relatively lower summer bills,
- 15
- 16 b. An unreasonable over-collection of costs from high volume users, because
- 17 rates are not reflective of the actual cost of service, and
- 18
- 19 c. An unreasonable under-collection of costs from low volume users,
- 20 because rates are not reflective of the actual cost of service.
- 21

22 In particular, when the customer charge is set below cost, the fixed costs associated with  
23 serving a customer will instead be recovered through the volumetric charge. Recovering  
24 these costs through the volumetric charge increases the costs to high volume users who  
25 subsidize the fixed cost of serving lower volume users. Setting the customer charge  
26 below cost results in bills being highest during the winter months when usage is highest.

1 Setting the customer charge closer to cost, on the other hand, reduces the intra-class  
2 subsidy and results in less variability between winter and summer bills. From MERC's  
3 perspective, in comparison to cost-based rates the current gas distribution rate structure  
4 results in:

- 5 a. Relatively higher weather risk,
- 6
- 7 b. More unstable cash flows, and
- 8
- 9 c. Inaccurate price signals.

10 The gas distribution rate structure proposed by MERC in this docket is characterized by  
11 incrementally higher monthly fixed charges, and incrementally lower per therm rates.

12 From a customer's perspective, this new proposed gas distribution rate structure results  
13 in:

- 14 a. More level winter and summer bills, and
- 15
- 16 b. More accurate and more reasonable collection of costs from both high
- 17 volume users and low volume users.
- 18

19 From MERC's perspective, this gas distribution rate structure results in:

- 20 a. Incrementally lower weather risk,
- 21
- 22 b. Incrementally more stable cash flows, and
- 23
- 24 c. Incrementally more accurate price signals by bringing rates closer to the
- 25 true cost of service.
- 26

27 Q. DOES A HIGHER RESIDENTIAL MONTHLY CUSTOMER CHARGE COMBINED  
28 WITH A LOWER RESIDENTIAL PER THERM RATE ELIMINATE OR EVEN  
29 SIGNIFICANTLY REDUCE THE ECONOMIC PRICE SIGNAL FOR CUSTOMERS  
30 TO CONSERVE ENERGY?

1 A. No, it does not. Exhibit \_\_\_\_\_ (GJW-1), Schedule 3, shows that the residential average  
2 per therm rate (including gas costs, customer charge and any fixed charges but no taxes)  
3 for MERC-NNG is equal to \$0.83344 per therm on current rates and \$0.86438 per therm  
4 on proposed rates. Similarly, Exhibit \_\_\_\_\_ (GJW-1), Schedule 3, shows that the  
5 residential average per therm rate (including gas costs, customer charge and any fixed  
6 charges but no taxes) for MERC-Consolidated is equal to \$0.72837 per therm on current  
7 rates and \$0.75931 per therm on proposed rates. Thus, even though MERC is proposing  
8 to increase the residential monthly fixed charge to \$11.00, MERC residential customers  
9 would see an increase in the average residential per therm rate by about 3.7% and 4.2%  
10 for MERC-NNG and MERC-Consolidated respectively. The resulting per therm rates  
11 will provide a sufficient economic price signal to motivate customer conservation efforts.  
12

13 Q. DOES A HIGHER MONTHLY FIXED CHARGE COMBINED WITH LOWER PER  
14 THERM RATE RESULT IN A WINDFALL TO THE UTILITY?

15 A. No, it does not. MERC's rates will be established based on Commission-approved  
16 revenue requirements and sales forecasts, and the final rates will be designed to recover  
17 those revenue requirements. While it is true that a utility's recovery of costs on a fixed  
18 basis is less sensitive to weather and other demand factors, cost of service studies  
19 demonstrate that the cost of natural gas distribution service is largely fixed in nature.  
20 Rates that recover revenue requirements consistent with cost of service are by definition  
21 reasonable and fair.  
22



1 Q. ARE THERE OTHER REASONS TO PURSUE MORE COST RECOVERY  
2 THROUGH INCREASED MONTHLY CHARGES?

3 A. Yes. Higher fixed charges provide a more accurate price signal to customers by bringing  
4 their rates closer to the true cost of service. Many distribution related costs are fixed in  
5 nature, including labor and depreciation expenses. Recovering the majority of  
6 distribution costs through volumetric rates over-recovers costs from customers during  
7 cold weather months when the natural gas commodity costs and total bills can be higher;  
8 and under-recovers costs during warm weather months, when gas commodity costs and  
9 total bills can be lower. Increasing the ratio of distribution costs recovered through fixed  
10 charges incrementally hedges the impact of weather on residential space heating  
11 customer bills. To the extent the customer charge moves closer to cost, the customer  
12 charge provides an incremental additional stability in earnings to the utility. In order to  
13 avoid rate shock, MERC's proposal for residential customer charges moves those charges  
14 to 43% of cost. MERC notes that while the proposed charges move in an appropriate  
15 direction with some beneficial effect, the charges would still be far below the levels  
16 needed to stabilize the recovery of fixed costs on MERC's system or mitigate the weather  
17 risks MERC is exposed to by the assignment of most fixed costs to a volumetric charge.

18  
19 Q. HAS MERC CONSIDERED THE IMPACT OF ITS PROPOSED RATE STRUCTURE  
20 ON LOW-INCOME CUSTOMERS?

21 A. Yes, we have. The proposed rate structure does not discriminate on the basis of income,  
22 and lower income customers will not be significantly impacted by this rate. While some  
23 customers with larger incomes may have greater-than-average natural gas usage due to

1 larger homes, some customers with smaller incomes may also have greater-than-average  
2 natural gas usage due to poorly insulated homes (including mobile homes) and/or  
3 inefficient equipment. A higher fixed charge with a lower per therm rate would benefit  
4 low-income customers with greater-than-average usage

5  
6 **Q. WHAT CHANGES IS MERC PROPOSING TO THE GENERAL SERVICE  
7 COMMERCIAL AND INDUSTRIAL RATES?**

8 **A.** The customer charge for Small C&I customers using up to 1,500 therms per year is  
9 proposed to be \$18.00 per month. For Large C&I customers using more than 1,500  
10 therms per year, I have proposed a customer charge of \$45.00, which reflects the high  
11 fixed costs to serve these customers. The table below summarizes the current and  
12 proposed monthly C&I customer charges, and the monthly customer charges justified by  
13 the CCOSS.

	<b>Current Customer Charge</b>	<b>Proposed Customer Charge</b>	<b>Customer Charge Justified by the CCOSS</b>
<b>1,500 therms or less per year</b>	\$14.50	\$18.00	\$27.85
<b>Over 1,500 therms per year</b>	\$35.00	\$45.00	\$45.76

14  
15 The Company's proposed \$18.00 customer charge for Small C&I customers taking 1,500  
16 therms or less per year would move the existing customer charge from its current 52% of  
17 the actual cost of service to 65% of the cost of service for MERC.

1 The proposed customer charge of \$45.00 for Large C&I customers taking over 1,500  
2 therms per year would move the existing customer charge from its current 78% of the  
3 actual cost of service to 98% of the cost of service for MERC.

4  
5 The Company is proposing a distribution charge of \$0.22817 per therm for all Small C&I  
6 GS customers using 1,500 or less therms annually, and \$0.16713 per therm for all Large  
7 C&I customers using greater than 1,500 therms annually. The higher monthly customer  
8 charge, and lower distribution charge, for customers using greater than 1,500 therms per  
9 year is justified by the CCOSS, and moves rates for these customers closer to cost. The  
10 overall percentage increases for the C&I GS rate schedules are shown on Exhibit \_\_\_\_\_  
11 (GJW-1), Schedule 3, Summary. A comparison of bills for various usage levels,  
12 including gas costs, under present and proposed rates is shown in Exhibit \_\_\_\_\_ (GJW-  
13 1), Schedule 4, and the proposed increase for an average customer is shown in Exhibit  
14 \_\_\_\_\_ (GJW-1), Schedule 11. Similar analyses, not including gas costs, are shown in  
15 Exhibit \_\_\_\_\_ (GJW-1), Schedules 5, Summary, 6 and 12.

16  
17 Q. PLEASE DISCUSS THE BREAKPOINT ANALYSIS IN SCHEDULE 8 THAT WAS  
18 PERFORMED FOR THE COMMERCIAL AND INDUSTRIAL CUSTOMERS.

19 A. Breakpoints between rate classes are the annual usages that define the cross-over points  
20 between rate classes. For GS C&I customers, the breakpoint is 1,500 therms per year. A  
21 breakpoint analysis is the comparison of the costs to a customer at the breakpoint,  
22 assuming the customer is taking service on the bordering rate classes. For instance the  
23 breakpoint analysis for the small and large C&I rate classes would compare the cost to a

1 Small C&I customer of 1,500 therms annually to the cost to a Large C&I customer of  
2 1,500 therms annually.

3  
4 The cost to a small C&I customer should be relatively close to the cost to a large C&I  
5 customer at the breakpoint of 1,500 therms annually. Otherwise customers with similar  
6 usage would be penalized or rewarded based on whether their usage fell above or below  
7 the established breakpoint. While MERC believes that breakpoints should have rate  
8 continuity to the greatest extent feasible, it is not always possible.

9  
10 Q. CAN YOU ADDRESS THE RATE CONTINUITY AT THE BREAKPOINT  
11 BETWEEN THE SMALL AND LARGE COMMERCIAL AND INDUSTRIAL RATE  
12 CLASSES IN MERC'S PROPOSED RATE DESIGN?

13 A. The rate continuity difference is not as close as it has been in previous rate cases. MERC  
14 has rate continuity within 15% to 17% at the breakpoint of 1,500 therms. See Exhibit  
15 \_\_\_\_\_ (GJW-1), Schedule 8. A smaller distribution charge for the Large Commercial and  
16 Industrial Class would result in more of the revenue deficiency being charged to the  
17 residential class. A breakpoint analysis was not performed for the other breakpoints  
18 between MERC's rate classes because the split between small, large and super large  
19 interruptible and joint customers is determined by daily demand. Depending upon the  
20 load factor of an individual customer, this can create a large range of annual usages.  
21 Since the annual usage is a critical component to creating a representative bill, this makes  
22 a representative breakpoint analysis between small, large, and super large interruptible  
23 and joint customers impossible to do. For joint customers, the added dimension of

1 nominated firm capacity also makes a representative breakpoint analysis impossible to  
2 do.

3  
4 **INTERRUPTIBLE RATE CLASSES**

5 Q. WHAT IS THE SMALL VOLUME INTERRUPTIBLE RATE CLASS?

6 A. This class is for small volume customers with peak day requirements below 200  
7 dekatherms who do not purchase any pipeline capacity and are, therefore, subject to total  
8 interruption. As approved by the Commission in MERC's last rate case, these customers  
9 also have the option of nominating a certain amount of firm service.

10  
11 Q. WHAT CHANGES IS MERC PROPOSING FOR SMALL VOLUME  
12 INTERRUPTIBLE SERVICE?

13 A. MERC proposes that the monthly customer charge be increased from \$150.00 to \$165.00  
14 for all small volume interruptible ("SVI") rate schedules. This would include the current  
15 rate schedules for MERC-NNG and MERC-Consolidated. The monthly customer charge  
16 recommended in the CCOSS is \$98.92 for MERC SVI rate schedules as a whole.

17  
18 I am also proposing that the distribution charge be increased to \$0.11048 per therm for  
19 SVI customers served by MERC. A comparison of bills for various usage levels,  
20 including gas costs, under present and proposed rates is shown in Exhibit \_\_\_\_\_ (GJW-  
21 1), Schedule 4, and the proposed increase for an average customer is shown in Exhibit  
22 \_\_\_\_ (GJW-1), Schedule 11. Similar analyses, not including gas costs, are shown in  
23 Exhibit \_\_\_\_\_ (GJW-1), Schedules 6 and 12.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

Q. WHAT IS THE LARGE VOLUME INTERRUPTIBLE RATE CLASS?

A. This class is similar to the SVI rate class, but it is for customers whose peak day requirements are at or above 200 dekatherms per day. This would include rate schedules for MERC-NNG and MERC-Consolidated Large Volume customer. Similar to the SVI rate classes, these customers also have the option of nominating a certain amount of firm service.

Q. WHAT CHANGES IS MERC PROPOSING FOR LARGE VOLUME INTERRUPTIBLE SERVICE?

A. For all Large Volume Interruptible (“LVI”) rate classes, MERC proposes to increase the monthly customer charge from \$175.00 to \$185.00. As established in the CCOSS, the monthly fixed cost of service is \$130.09 for MERC’s LVI rate classes.

For MERC’s LVI customers, MERC proposes a distribution charge of \$0.04854 per therm. A comparison of bills for various usage levels, including gas costs, under present and proposed rates is shown in Exhibit \_\_\_\_\_ (GJW-1), Schedule 4, and the proposed increase for an average customer is shown in Exhibit \_\_\_\_ (GJW-1), Schedule 11. Similar analyses, not including gas costs, are shown in Exhibit \_\_\_\_\_ (GJW-1), Schedules 6 and 12.

Q. WILL THE PROPOSED INTERRUPTIBLE RATES RECOVER MORE THAN THE COSTS IMPOSED BY THESE CLASSES?

1 A. The table below summarizes the proposed recovery by class compared to the CCOSS.

	<b>Current Revenue</b>	<b>Proposed Revenue</b>	<b>Revenue Justified by the CCOSS</b>
<b>Small Volume Interruptible MERC- TOTAL</b>	\$11,361,109	\$11,561,309	\$9,793,802
<b>Large Volume Interruptible MERC- TOTAL</b>	\$8,723,330	\$9,759,810	\$9,639,596

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

As shown above, the proposed Large Volume Interruptible rates would recover more than the CCOSS revenue requirement for these customers. Such a rate design, however, protects firm customers from rate shock while increasing interruptible rates at a reasonable level. Moreover, the proposed interruptible rates will remain less than alternative fuels available to these customers. During September 2013 the price for #2 fuel oil was \$3.42 per gallon in southeast Minnesota, which is equivalent to \$2.45 per therm of natural gas. Further, during September 2013 the price for propane was \$1.49 per gallon in southeast Minnesota, which is equivalent to \$1.64 per therm of natural gas. The average September 2013 cost of natural gas on MERC's NNG and Consolidated system was \$0.48194 per therm for small volume interruptible customers, and \$0.41115 per therm for large volume joint interruptible customers. These price increases maintain the competitive advantage for natural gas and remain well below alternative fuels. There is the possibility of customers receiving a discount on alternative fuels based on volume purchases, but in MERC's experience no discount would bring the cost of the alternative below the cost of natural gas.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

Q. WHAT IS THE SUPER LARGE VOLUME MAIN LINE RATE CLASS?

A. To qualify for this class, customers must be served off the interstate pipeline or a branchline (upstream from the Town Border station) and have annual volumes in excess of 1.2 Bcf. This level of volume and proximity to the interstate pipeline puts these customers into a situation where bypass becomes a necessity if their rates are not competitive.

Q. WHAT IS THE SUPER LARGE VOLUME TOWN PLANT TRANSPORTATION RATE CLASS?

A. MERC-Consolidated Super Large Volume transport customers who have annual consumption of 0.5 Bcf or more and who are located within two miles of an alternate supply source are eligible for this rate class. Although these customers are served on MERC's distribution system rather than upstream off the pipeline, their enormous volumes and proximity to an alternate supply source give them an economic incentive to bypass the distribution system if MERC's rates are not competitive. For this reason, the Super Large Volume transport rates should not be too much above cost.

Q. WHAT CHANGES IS MERC PROPOSING FOR THE SUPER LARGE VOLUME RATE CLASS?

A. MERC proposes to increase the monthly customer charge from \$300.00 to \$350.00 for all Super Large Volume customers. The CCOSS study supports a monthly customer charge of \$156.92. I am proposing no increase to the current distribution charge of \$0.00420 per





1 the added administrative costs of providing transportation service. As shown in the  
2 CCOSS in Informational Requirement Document 12, Schedule 4, Page 1 of 3,  
3 transportation service does not cause a reduction in distribution costs, but does result in  
4 higher customer costs. Therefore, it is appropriate to reflect those cost differences  
5 through an increase in the administrative charge and not to provide a reduced margin.

6  
7 The current administrative charge is \$70.00 per metered account for all transportation  
8 customers. MERC proposes to increase the administrative charge to \$110.00. The  
9 CCOSS shows that the actual administrative costs are \$110.11. See Informational  
10 Requirement Document 12, Schedule 8. Therefore, the proposed administrative costs are  
11 very close to actual costs. The increase in the administrative cost is explained in the  
12 Direct Testimony of Ms. Hoffman Malueg.

13  
14 A summary of the rates proposed for transportation are shown in Exhibit \_\_\_\_\_ (GJW-1),  
15 Schedule 2, a comparison of bills for various usage levels under present and proposed  
16 rates is shown in Exhibit \_\_\_\_\_ (GJW-1), Schedule 4, and the proposed increase for an  
17 average customer is shown in Exhibit \_\_\_\_\_ (GJW-1), Schedule 11.

18  
19 Q. DOES THE TRANSPORTATION ADMINISTRATIVE CHARGE DIFFER BASED  
20 ON WHETHER A CUSTOMER IS A SMALL VOLUME CUSTOMER OR A LARGE  
21 VOLUME CUSTOMER?

22 A. No. As discussed in the Rebuttal Testimony of Ms. Joylyn Hoffman Malueg in MERC's  
23 rate case Docket No. G007,011/GR-08-835, the transportation administration fee

1 recovers customer-related costs that are caused by a customer being on the system and  
2 are not related to the level of the customer's consumption of gas.

3  
4 Q. WHAT CHANGES ARE YOU PROPOSING FOR THE SUPER LARGE VOLUME  
5 TOWN PLANT TRANSPORTATION RATE CLASS?

6 A. I am proposing to increase the monthly customer charge from \$300.00 to \$350.00 and to  
7 increase the administrative charge from \$70.00 to \$110.00 per metered account. The  
8 CCOSS study supports a monthly customer charge of \$156.92. See the CCOSS provided  
9 in Informational Requirement Document 12, Schedule 4, Page 1 of 3. MERC proposes to  
10 not increase the distribution charge for this rate class. I believe that any additional  
11 increases to this rate would make it noncompetitive and subject to bypass. Once bypass  
12 occurs, it would be difficult for MERC to regain these customers, and the end result  
13 would be higher rates for the remaining customers because MERC would lose the support  
14 these customers provide toward common costs.

15  
16 A comparison of bills for various usage levels under present and proposed rates is shown  
17 in Exhibit \_\_\_\_\_ (GJW-1), Schedule 4, and the proposed increase for an average  
18 customer is shown in Exhibit \_\_\_\_\_ (GJW-1), Schedule 11. Similar analyses, not  
19 including gas costs, are shown in Exhibit \_\_\_\_\_ (GJW-1), Schedules 6 and 12.

20  
21 **FLEXIBLE RATES**

22 Q. WHAT IS THE PURPOSE OF FLEXIBLE RATES?

1 A. The purpose of the flexible, or “flex”, rate is to allow a utility to reduce a rate between  
2 rate cases to prevent the loss of a customer to bypass. MERC does not propose any  
3 changes to the Flexible Gas Rate Service Rider in its tariff. The tariff currently sets a  
4 minimum rate of \$0.0045 per therm for gas delivered, and MERC is able to negotiate an  
5 appropriate rate with the customer above that minimum to prevent bypass. All other  
6 terms of the non-flexible tariff under which the customer would otherwise take service  
7 continue to apply.

8

9 Q. WHAT IS THE TRANSPORTATION FOR RESALE RATE?

10 A. This rate meets the needs of the town of Ogilvie, Minnesota, where the distribution  
11 system is owned by Northwest Pipeline. Northwest transports its gas supplies through the  
12 existing MERC system to provide service to Ogilvie.

13

14 Q. IS MERC PROPOSING A CHANGE TO THE TRANSPORTATION FOR RESALE  
15 RATE?

16 A. MERC proposes to increase only the fixed charges per month for this rate schedule and to  
17 leave the per therm transportation charge at its current level. MERC proposes an increase  
18 in the customer charge from \$175.00 to \$185.00 to match the increase for large volume  
19 transport customers. MERC also proposes to increase the monthly charge of \$70.00 to  
20 \$110.00 per month for administrative costs related to transportation.

21

22

23

1 **C. Recovery of the Revenue Deficiency**

2 Q. DOES MERC'S PROPOSALS RECOVER THE \$14,187,597 REVENUE DEFICIENCY  
3 FOR MERC IDENTIFIED IN MR. DEMERRITT'S TESTIMONY?

4 A. Yes. MERC has included a rate design model with the filing.

5  
6 The model closely recovers the \$14,187,597 revenue deficiency that Mr. DeMerritt  
7 identified in his testimony. The total MERC revenue deficiency of \$14,187,597 is  
8 recovered from MERC customers as a whole. The proposed changes in rates are  
9 summarized in Exhibit \_\_\_\_\_ (GJW-1), Schedule 2. The proposed net change in  
10 revenues is summarized in Exhibit \_\_\_\_\_ (GJW-1), Schedule 3, Summary.

11  
12 Q. DO EXISTING RATES RECOVER THE COST OF PROVIDING SERVICE, AND  
13 WILL THE PROPOSED RATES RECOVER THE COST OF PROVIDING SERVICE?

14 A. Present rates for GS Residential and Small C&I customers are below the cost of service,  
15 and with the proposed changes will be closer to the cost of service, but still significantly  
16 below what the CCOSS justifies. Interruptible and Transportation customers will  
17 continue to pay rates exceeding the cost of providing the service. The table below  
18 summarizes current revenues, proposed revenues, and the revenues justified by the  
19 CCOSS. See Exhibit \_\_\_\_\_ (GJW-1), Schedule 9.

	<b>Current Revenue</b>	<b>Proposed Revenue</b>	<b>Revenue Justified by the CCOSS</b>
<b>General Service Residential MERC-TOTAL</b>	\$155,031,326	\$165,926,459	\$174,983,577

<b>General Service C&amp;I ≤ 1,500 MERC-TOTAL</b>	\$10,036,113	\$10,934,067	\$10,789,140
<b>General Service C&amp;I &gt; 1,500 MERC-TOTAL</b>	\$70,398,482	\$71,528,984	\$64,103,638
<b>Interruptible MERC-TOTAL</b>	\$15,840,390	\$16,126,463	\$14,772,086
<b>Transportation MERC-TOTAL</b>	\$5,880,151	\$6,858,028	\$6,725,617

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14

MERC believes that the proposed rate design increases rates for interruptible and transportation customers at reasonable levels and at the same time moves GS rates closer to cost while avoiding rate shock to those customers.

Q. PLEASE DISCUSS WHETHER ANY CHANGES IN THE CONDITIONS OF SERVICE ARE SUFFICIENTLY GRADUAL TO AVOID DRASTIC RATE CHANGES (RATE SHOCK) TO CUSTOMERS.

A. With the overall revenue increase sought by MERC being approximately 5.5%, MERC believes the rate changes are gradual and will not result in rate shock. In today's current economic climate I'm certain that no one wants to see any commodity or service have a price increase. MERC is conscious of this general feeling and understands the customer concerns.

1 Q. MERC ANNOUNCED ON SEPTEMBER 3, 2013 THAT IT HAD ENTERED INTO  
2 AN ASSET PURCHASE AGREEMENT WITH ALLIANT ENERGY (“IPL”) TO  
3 PURCHASE IPL’S MINNESOTA GAS PROPERTIES. HAVE YOU INCLUDED  
4 ANY OF THAT ANTICIPATED ACQUISITION IN YOUR RATE DESIGN, OR  
5 ANYWHERE ELSE IN YOUR TESTIMONY?

6 A. No, nothing has been included in any of my rate design or testimony relative to any IPL  
7 customers.

8

1 **IV. GAS AFFORDABILITY PROGRAM**

2 Q. PLEASE DISCUSS THE PERFORMANCE OF MERC’S GAS AFFORDABILITY  
3 PROGRAM.

4 A. Minnesota Statutes section 216B.16, subsection 15 provides that the Commission must  
5 consider ability to pay as a factor in setting utility rates and may establish affordability  
6 programs for low-income residential customers in order to ensure affordable, reliable,  
7 and continuous service to low-income utility customers. The statute states:

8 Any affordability program the commission orders a utility to implement  
9 must:

- 10 (1) Lower the percentage of income that participating low-income  
11 households devote to energy bills;
- 12 (2) Increase participating customer payments over time by increasing  
13 the frequency of payments;
- 14 (3) Decrease or eliminate participating customer arrears;
- 15 (4) Lower the utility costs associated with customer account  
16 collection activities; and
- 17 (5) Coordinate the program with other available low-income bill  
18 payment assistance and conservation resources.

19  
20 This describes the purpose of the MERC Gas Affordability Program (“GAP”),  
21 which was approved by the Commission on February 27, 2008 in Docket No.  
22 G007,011/M-07-1131. The MERC GAP has been very successful since it began in  
23 April of 2008. The GAP was a four year pilot, with MERC’s approved program  
24 being slightly less than the full four years. A four year extension of the program  
25 was approved in Docket No. G007,011/M-07-1131 with an expiration date of  
26 December 31, 2015. As reported in the GAP 2012 Annual Report (see Docket No.  
27 G007,01/M-07-1131), MERC had 1,151 customers enrolled in the GAP. MERC



1 reported a retention rate of 97% in 2012. MERC believes its GAP program has  
2 lowered customers' arrearage, decreased collection activities and has increased  
3 customer payment frequency. MERC has received favorable comments from not  
4 only customers but also regulators on the success of its program.

5  
6 Q. HOW HAS RECOVERY OF COSTS FOR THE GAP COMPARED TO SPENDING?

7 A. The MERC GAP 2012 indicates the program has collected more than it has spent. The  
8 December 2012 GAP Tracker indicates revenues are approximately \$80,500 more than  
9 expenses. MERC ended 2009 with almost \$900,000 over-spend, so a positive balance is  
10 a turn-around from when the program first begin. MERC believes this continues to be an  
11 excellent program and is highly encouraged by the retention rate. MERC believes the  
12 success of GAP indicates that, with a little help, customers are able to make timely  
13 payments and prevents customers from falling so far behind in their bills that they feel  
14 helpless.

15  
16 Q. WHAT CHANGES DO YOU PROPOSE TO MERC'S GAP?

17 A. MERC does not propose any changes to the GAP at this time. MERC intends to make  
18 any proposals at the end of the GAP program on December 31, 2015.

19  
20

**V. TARIFF CHANGES**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

Q. ARE YOU PROPOSING ANY CHANGES TO MERC'S TARIFF IN THIS PROCEEDING?

A. Yes, they are discussed below.

Q. WHAT CHANGES DOES MERC REQUEST?

A. MERC only requests the rate tariff sheets and base cost of gas sheets be changed. MERC proposes no other tariff changes.

1 **VI. TELEMETRY INSTALLATION**

2 Q. IN THE COMMISSION’S AUGUST 26, 2010 ORDER SETTING REPORTING  
3 REQUIREMENTS IN DOCKET NO. G-999/CI-09-409, THE COMMISSION  
4 REQUIRED MERC TO PROVIDE A STATUS REPORT ON IMPLEMENTATION OF  
5 TELEMETERING FOR ITS SMALL VOLUME, LARGE VOLUME, AND SUPER  
6 LARGE VOLUME CUSTOMERS, AS WELL AS THE STATUS OF AUTOMATED  
7 METER READING, IF APPLICABLE, FOR ITS OTHER CUSTOMERS. PLEASE  
8 PROVIDE THIS REQUIRED STATUS REPORT.

9 A. MERC has completed the installation of all the telemetering for its interruptible and  
10 transportation customers (i.e. Small Volume, Large Volume, and Super Large Volume).

11  
12 MERC does not intend to pursue the installation of automated meter reading (“AMR”)  
13 for its other customers at this time. MERC completed a business analysis for AMR, and  
14 costs were in excess of \$26,000,000. MERC believes that AMR is not currently an  
15 economically feasible option. MERC will continue to evaluate the feasibility of AMR in  
16 the future.

17

1 **VII. APPLIANCE SERVICE COMPANY COST ALLOCATION**

2 Q. DOES MERC HAVE A NON-REGULATED APPLIANCE SERVICE BUSINESS?

3 A. Yes, MERC has an appliance service business called ServiceChoice (formerly known as  
4 Home Services). ServiceChoice offers appliance repair, service protection plans, and  
5 heating, air conditioner and water heater repair and maintenance services. This service is  
6 primarily provided to residential customers, and is available on both an on-demand and  
7 contract basis.

8  
9 Q. DO MERC'S UTILITY EMPLOYEES ALSO PROVIDE SERVICES TO  
10 CUSTOMERS THROUGH SERVICECHOICE?

11 A. Yes, MERC field technicians perform both regulated and non-regulated work in the  
12 majority of the State. In Rochester and the Southern Metro area of Rosemount,  
13 Farmington, Lakeville, Eagan and New Market, MERC has dedicated employees for the  
14 utility and non-utility businesses. The number of customers in this area makes it  
15 economically practical to have different employees for the regulated and non-regulated  
16 businesses.

17  
18 Q. HOW ARE MERC'S NON-REGULATED BUSINESS ACTIVITIES SEPARATED  
19 FROM ITS REGULATED UTILITY ACTIVITIES?

20 A. MERC is very careful to keep the costs separate for the utility and non-utility businesses.  
21 This separation of costs prevents the utility's customers from subsidizing the costs of the  
22 ServiceChoice business. The costs of MERC's non-regulated business activities are  
23 separated through the use of specific PeopleSoft general ledger accounts. The specific

1 PeopleSoft accounts are coded as non-regulated and have a non-utility FERC account  
2 assignment that ensures costs are recorded appropriately and therefore are excluded from  
3 utility revenue requirements calculations. All expenses recorded in each non-regulated  
4 business activity account are linked to FERC 417.1, Nonutility Expenses. These costs are  
5 not recorded in MERC's O&M accounts.

6  
7 Q. HOW ARE COSTS ALLOCATED BETWEEN THE UTILITY AND NON-UTILITY  
8 BUSINESSES?

9 A. MERC utilizes three different means of allocating the correct costs to the utility and non-  
10 utility businesses: direct charge, allocation based on known factors, and general  
11 allocation. The majority of costs (76.5%) are directly charged, 11.5% are charged based  
12 on known factors, and 12.0% are allocated based on the general allocator.

13  
14 Q. PLEASE EXPLAIN HOW EACH OF THESE ALLOCATIONS WORK.

15 A. First, non-regulated business activities are directly charged, whenever possible. Under  
16 the direct charge allocation, costs that are directly related to ServiceChoice are charged to  
17 that business. Examples of costs directly related to ServiceChoice include all costs  
18 associated with the employment of the ServiceChoice Product Manager, including labor  
19 and all related expenses. These costs are directly charged to the ServiceChoice business.  
20 Field Technicians directly charge their time and expenses to all time spent doing  
21 ServiceChoice work. Field Managers monitor timesheets to assure that the employees  
22 are charging their time appropriately.

23

1 For allocations based on known factors, a percentage is calculated to allocate costs  
2 between the regulated and non-regulated businesses. At this time, call center costs are  
3 the only costs allocated by a known factor. These costs are allocated based on the  
4 percentage of utility and non-utility customers out of the total number of utility and non-  
5 utility customers. This factor is recalculated on an annual basis.

6  
7 The general allocations method is used to allocate those costs that cannot be directly  
8 charged to either regulated or non-regulated activities and for which there are no known  
9 allocation factors. For example, the costs of employee safety meetings where the topic is  
10 generic to both businesses, such as safe driving, would be allocated using the general  
11 allocator. Another example is facilities costs. Buildings are used for both utility and  
12 non-utility business, and therefore the general allocator is used to allocate the costs  
13 between the utility and non-utility businesses.

14  
15 Q. PLEASE STATE THE CURRENT GENERAL ALLOCATION FACTOR AND  
16 DESCRIBE HOW THE FACTOR IS CALCULATED.

17 A. The current general allocation factor is 87.7% to the utility and 12.3% to the non-utility,  
18 as shown on Exhibit \_\_\_\_\_ (GJW-2). The Massachusetts Formula is used to calculate the  
19 general allocation factor. This percentage is based on three statistics: margin, net plant  
20 and payroll. These statistics are gathered for the utility and non-utility activities and  
21 averaged together on a weighted basis.

22

1 Q. IS MERC'S ALLOCATION OF COSTS BETWEEN THE UTILITY AND THE NON-  
2 UTILITY CONSISTENT WITH THE COMMISSION'S COST ALLOCATION  
3 REQUIREMENTS?

4 A. Yes, MERC's allocation is generally consistent with the Commission's cost allocation  
5 requirements. In its September 28, 1994 Order in Docket No. G,E-99/CI-90-1008, the  
6 Commission required all utilities to adopt fully allocated costing to assign and allocate  
7 costs between regulated and non-regulated activities, unless the utility demonstrates that  
8 its non-regulated activities are insignificant or that the public interest would be better  
9 served by another method. MERC's method of allocating costs between its regulated and  
10 non-regulated businesses is consistent with hierarchical cost allocation principles adopted  
11 by the Commission. As noted above, costs are directly assigned to either the regulated or  
12 non-regulated activities whenever possible. Next, costs that cannot be directly assigned  
13 are allocated based on a known cost-causal factor. Finally, if costs cannot be directly  
14 allocated or allocated based on a known factor, costs are allocated using the general  
15 allocation method.

16  
17 The calculation of MERC's general allocation factor, however, does not follow the  
18 Commission's preferred methodology, which requires that: "When neither direct nor  
19 indirect measures of cost causation can be found, the cost category shall be allocated  
20 based upon a general allocator computed by using the ratio of all expenses directly  
21 assigned or attributed to regulated and nonregulated activities." To demonstrate the  
22 reasonableness of its general allocation factor, MERC calculated the general allocation  
23 factor using 2012 data and the Commission's method. MERC's general allocation factor

1 was 87.7% to the utility, and 12.3% to the non-regulated business. See Exhibit \_\_\_\_\_  
2 (GJW-2). Using the Commission's method, the resulting allocation factor was 91.1% to  
3 the utility and 8.9% to the non-regulated business. MERC's current general allocation  
4 factor therefore is very close to the allocation factor calculated using the Commission's  
5 methodology. Moreover, MERC's general allocator allocates 3.4% fewer costs to the  
6 utility than the Commission's method, and therefore benefits customers.

7



1 **VIII. CONCLUSION**

2 Q. IN MERC'S OPINION, DO THE PROPOSED RATE DESIGN AND TARIFF  
3 CHANGES PROVIDE A REASONABLE BASIS FOR ESTABLISHING RATES IN  
4 THIS CASE?

5 A. Yes.

6

7 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

8 A. Yes, it does.



**MINNESOTA ENERGY RESOURCES CORPORATION  
RATES BY CUSTOMER CLASS  
CURRENTLY AUTHORIZED MONTHLY FIXED CHARGES, DAILY FIRM CAPACITY CHARGES, AND PER THERM DISTRIBUTION RATES**

MERC Customer Class	Fixed Local Distribution Service (Monthly)	Enhanced Administration Service (Monthly)	Total Fixed Charge (Monthly)	Daily Firm Capacity (Per Therm of Demand)	Volumetric Local Distribution Service (All Therms)	Gas Supply Acquisition Service (All Therms)	Total Per Therm Rate (All Therms)
<b>NNG SALES</b>							
GS-NNG Residential Sales	\$8.50		\$8.50		0.19754		\$0.19754
GS-NNG SC&I Sales	\$14.50		\$14.50		0.18525		\$0.18525
GS-NNG LC&I Sales	\$35.00		\$35.00		0.16868		\$0.16868
SVI-NNG Sales	\$150.00		\$150.00		0.10647		\$0.10647
LVI-NNG Sales	\$175.00		\$175.00		0.03568		\$0.03568
SVJ-NNG Sales	\$150.00		\$150.00	0.23000	0.10647		\$0.10647
<b>CONSOLIDATED SALES</b>							
GS-CONSOLIDATED Residential Sales	\$8.50		\$8.50		0.19754		\$0.19754
GS-CONSOLIDATED SC&I Sales	\$14.50		\$14.50		0.18525		\$0.18525
GS-CONSOLIDATED LC&I Sales	\$35.00		\$35.00		0.16868		\$0.16868
SVI-CONSOLIDATED Sales	\$150.00		\$150.00		0.10647		\$0.10647
LVI-CONSOLIDATED Sales	\$175.00		\$175.00		0.03568		\$0.03568
SVJ-CONSOLIDATED Sales	\$150.00		\$150.00	0.23000	0.10647		\$0.10647
<b>NNG TRANSPORT</b>							
SVI-NNG Transport	\$150.00	\$70.00	\$220.00		0.10647		\$0.10647
LVI-NNG Transport - CIP Applicable	\$175.00	\$70.00	\$245.00		0.03568		\$0.03568
LVI-NNG Transport - CIP Exempt	\$175.00	\$70.00	\$245.00		0.02055		\$0.02055
SVJ-NNG Transport	\$150.00	\$70.00	\$220.00	0.23000	0.10647		\$0.10647
LVJ-NNG Transport	\$175.00	\$70.00	\$245.00	0.23000	0.03568		\$0.03568
SLVI-NNG Transport-CIP Exempt	\$300.00	\$70.00	\$370.00		0.00420		\$0.00420
SLVI-NNG Transport-CIP Applicable	\$300.00	\$70.00	\$370.00		0.01933		\$0.01933
SLVJ-NNG Transport-CIP Exempt	\$300.00	\$70.00	\$370.00	0.06200	0.00420		\$0.00420
Transport for Resale	\$175.00	\$70.00	\$245.00		0.07200		\$0.07200
LVJ-NNG Flex Transport (Cust "A")	\$175.00	\$70.00	\$245.00	0.23000	0.01963		\$0.01963
LVI-NNG Flex Transport (Cust "B")	\$175.00	\$70.00	\$245.00		0.00500		\$0.00500
LVI-NNG Flex Transport (Cust "C")	\$175.00	\$70.00	\$245.00		0.00700		\$0.00700
LVI-NNG Flex Transport (Cust "D")	\$175.00	\$70.00	\$245.00		0.01500		\$0.01500
LVJ-NNG Flex Transport (Cust "E")	\$175.00	\$70.00	\$245.00	0.23000	0.01500		\$0.01500
LVJ-NNG Flex Transport (Cust "F")	\$175.00	\$70.00	\$245.00	0.23000	0.02150		\$0.02150
LVI-NNG Flex Transport (Cust "G")	\$175.00	\$70.00	\$245.00		0.03000		\$0.03000
<b>CONSOLIDATED TRANSPORT</b>							
SVI-CONSOLIDATED Transport	\$150.00	\$70.00	\$220.00		0.10647		\$0.10647
LVI-CONSOLIDATED Transport	\$175.00	\$70.00	\$245.00		0.03568		\$0.03568
SVJ-CONSOLIDATED Transport	\$150.00	\$70.00	\$220.00	0.23000	0.10647		\$0.10647
LVJ-CONSOLIDATED Transport	\$175.00	\$70.00	\$245.00	0.23000	0.03568		\$0.03568
SLVI-CONSOLIDATED Transport-CIP Exempt	\$300.00	\$70.00	\$370.00		0.00850		\$0.00850
SLVI-CONSOLIDATED Transport-CIP Applicable	\$300.00	\$70.00	\$370.00		0.02363		\$0.02363

**MINNESOTA ENERGY RESOURCES CORPORATION  
RATES BY CUSTOMER CLASS  
PROPOSED MONTHLY FIXED CHARGES, DAILY FIRM CAPACITY CHARGES, AND PER THERM DISTRIBUTION RATES**

MERC Customer Class	Fixed Local Distribution Service (Monthly)	Enhanced Administration Service (Monthly)	Total Fixed Charge (Monthly)	Daily Firm Capacity (Per Therm of Demand)	Volumetric Local Distribution Service (All Therms)	Gas Supply Acquisition Service (All Therms)	Total Per Therm Rate (All Therms)
<b>NNG SALES</b>							
GS-NNG Residential Sales	\$11.00		\$11.00		0.22848		\$0.22848
GS-NNG SC&I Sales	\$18.00		\$18.00		0.22817		\$0.22817
GS-NNG LC&I Sales	\$45.00		\$45.00		0.16713		\$0.16713
SVI-NNG Sales	\$165.00		\$165.00		0.11048		\$0.11048
LVI-NNG Sales	\$185.00		\$185.00		0.04854		\$0.04854
SVJ-NNG Sales	\$165.00		\$165.00	0.25000	0.11048		\$0.11048
<b>CONSOLIDATED SALES</b>							
GS-CONSOLIDATED Residential Sales	\$11.00		\$11.00		0.22848		\$0.22848
GS-CONSOLIDATED SC&I Sales	\$18.00		\$18.00		0.22817		\$0.22817
GS-CONSOLIDATED LC&I Sales	\$45.00		\$45.00		0.16713		\$0.16713
SVI-CONSOLIDATED Sales	\$165.00		\$165.00		0.11048		\$0.11048
LVI-CONSOLIDATED Sales	\$185.00		\$185.00		0.04854		\$0.04854
SVJ-CONSOLIDATED Sales	\$165.00		\$165.00	0.25000	0.11048		\$0.11048
<b>NNG TRANSPORT</b>							
SVI-NNG Transport	\$165.00	\$110.00	\$275.00		0.11048		\$0.11048
LVI-NNG Transport - CIP Applicable	\$185.00	\$110.00	\$295.00		0.04854		\$0.04854
LVI-NNG Transport - CIP Exempt	\$185.00	\$110.00	\$295.00		0.02453		\$0.02453
SVJ-NNG Transport	\$165.00	\$110.00	\$275.00	0.25000	0.11048		\$0.11048
LVJ-NNG Transport	\$185.00	\$110.00	\$295.00	0.25000	0.04854		\$0.04854
SLVI-NNG Transport-CIP Exempt	\$350.00	\$110.00	\$460.00		0.00420		\$0.00420
SLVI-NNG Transport-CIP Applicable	\$350.00	\$110.00	\$460.00		0.01933		\$0.01933
SLVJ-NNG Transport-CIP Exempt	\$350.00	\$110.00	\$460.00	0.06200	0.00420		\$0.00420
Transport for Resale	\$185.00	\$110.00	\$295.00		0.07200		\$0.07200
LVJ-NNG Flex Transport (Cust "A")	\$185.00	\$110.00	\$295.00	0.25000	0.01963		\$0.01963
LVI-NNG Flex Transport (Cust "B")	\$185.00	\$110.00	\$295.00		0.00500		\$0.00500
LVI-NNG Flex Transport (Cust "C")	\$185.00	\$110.00	\$295.00		0.00700		\$0.00700
LVI-NNG Flex Transport (Cust "D")	\$185.00	\$110.00	\$295.00		0.01500		\$0.01500
LVJ-NNG Flex Transport (Cust "E")	\$185.00	\$110.00	\$295.00	0.25000	0.01500		\$0.01500
LVJ-NNG Flex Transport (Cust "F")	\$185.00	\$110.00	\$295.00	0.25000	0.02150		\$0.02150
LVI-NNG Flex Transport (Cust "G")	\$185.00	\$110.00	\$295.00		0.03000		\$0.03000
<b>CONSOLIDATED TRANSPORT</b>							
SVI-CONSOLIDATED Transport	\$165.00	\$110.00	\$275.00		0.11048		\$0.11048
LVI-CONSOLIDATED Transport	\$185.00	\$110.00	\$295.00		0.04854		\$0.04854
SVJ-CONSOLIDATED Transport	\$165.00	\$110.00	\$275.00	0.25000	0.11048		\$0.11048
LVJ-CONSOLIDATED Transport	\$185.00	\$110.00	\$295.00	0.25000	0.04854		\$0.04854
SLVI-CONSOLIDATED Transport-CIP Exempt	\$350.00	\$110.00	\$460.00		0.00850		\$0.00850
SLVI-CONSOLIDATED Transport-CIP Applicable	\$350.00	\$110.00	\$460.00		0.02363		\$0.02363

**MINNESOTA ENERGY RESOURCES CORPORATION**  
**COMPARISON OF CURRENTLY AUTHORIZED & PROPOSED MONTHLY FIXED CHARGES AND DAILY FIRM CAPACITY CHARGES**

MERC Customer Class	Fixed Local Distribution Service		Enhanced Administration Service		Total Monthly Fixed Charge		Daily Firm Capacity	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
<b>NNG SALES</b>								
GS-NNG Residential Sales	\$8.50	\$11.00			\$8.50	\$11.00		
GS-NNG SC&I Sales	\$14.50	\$18.00			\$14.50	\$18.00		
GS-NNG LC&I Sales	\$35.00	\$45.00			\$35.00	\$45.00		
SVI-NNG Sales	\$150.00	\$165.00			\$150.00	\$165.00		
LVI-NNG Sales	\$175.00	\$185.00			\$175.00	\$185.00		
SVJ-NNG Sales	\$150.00	\$165.00			\$150.00	\$165.00	\$0.2300	\$0.2500
<b>CONSOLIDATED SALES</b>								
GS-CONSOLIDATED Residential Sales	\$8.50	\$11.00			\$8.50	\$11.00		
GS-CONSOLIDATED SC&I Sales	\$14.50	\$18.00			\$14.50	\$18.00		
GS-CONSOLIDATED LC&I Sales	\$35.00	\$45.00			\$35.00	\$45.00		
SVI-CONSOLIDATED Sales	\$150.00	\$165.00			\$150.00	\$165.00		
LVI-CONSOLIDATED Sales	\$175.00	\$185.00			\$175.00	\$185.00		
SVJ-CONSOLIDATED Sales	\$150.00	\$165.00			\$150.00	\$165.00	\$0.2300	\$0.2500
<b>NNG TRANSPORT</b>								
SVI-NNG Transport	\$150.00	\$165.00	\$70.00	\$110.00	\$220.00	\$275.00		
LVI-NNG Transport - CIP Applicable	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
LVI-NNG Transport - CIP Exempt	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
SVJ-NNG Transport	\$150.00	\$165.00	\$70.00	\$110.00	\$220.00	\$275.00	\$0.2300	\$0.2500
LVJ-NNG Transport	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00	\$0.2300	\$0.2500
SLVI-NNG Transport-CIP Exempt	\$300.00	\$350.00	\$70.00	\$110.00	\$370.00	\$460.00		
SLVI-NNG Transport-CIP Applicable	\$300.00	\$350.00	\$70.00	\$110.00	\$370.00	\$460.00		
SLVJ-NNG Transport-CIP Exempt	\$300.00	\$350.00	\$70.00	\$110.00	\$370.00	\$460.00	\$0.0620	\$0.0620
Transport for Resale	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
LVJ-NNG Flex Transport (Cust "A")	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00	\$0.2300	\$0.2500
LVI-NNG Flex Transport (Cust "B")	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
LVI-NNG Flex Transport (Cust "C")	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
LVI-NNG Flex Transport (Cust "D")	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
LVJ-NNG Flex Transport (Cust "E")	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00	\$0.2300	\$0.2500
LVJ-NNG Flex Transport (Cust "F")	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
LVI-NNG Flex Transport (Cust "G")	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
<b>CONSOLIDATED TRANSPORT</b>								
SVI-CONSOLIDATED Transport	\$150.00	\$165.00	\$70.00	\$110.00	\$220.00	\$275.00		
LVI-CONSOLIDATED Transport	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00		
SVJ-CONSOLIDATED Transport	\$150.00	\$165.00	\$70.00	\$110.00	\$220.00	\$275.00	\$0.2300	\$0.2500
LVJ-CONSOLIDATED Transport	\$175.00	\$185.00	\$70.00	\$110.00	\$245.00	\$295.00	\$0.2300	\$0.2500
SLVI-CONSOLIDATED Transport-CIP Exempt	\$300.00	\$350.00	\$70.00	\$110.00	\$370.00	\$460.00		
SLVI-CONSOLIDATED Transport-CIP Applicable	\$300.00	\$350.00	\$70.00	\$110.00	\$370.00	\$460.00		

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF CURRENTLY AUTHORIZED & PROPOSED PER THERM RATES**

MERC Customer Class	Volumetric Local Distribution Service		Gas Supply Acquisition Service		Total Per Therm Rate	
	Current	Proposed	Current	Proposed	Current	Proposed
<b>NNG SALES</b>						
GS-NNG Residential Sales	0.19754	0.22848	0.00000	0.00000	0.19754	0.22848
GS-NNG SC&I Sales	0.18525	0.22817	0.00000	0.00000	0.18525	0.22817
GS-NNG LC&I Sales	0.16868	0.16713	0.00000	0.00000	0.16868	0.16713
SVI-NNG Sales	0.10647	0.11048	0.00000	0.00000	0.10647	0.11048
LVI-NNG Sales	0.03568	0.04854	0.00000	0.00000	0.03568	0.04854
SVJ-NNG Sales	0.10647	0.11048	0.00000	0.00000	0.10647	0.11048
<b>CONSOLIDATED SALES</b>						
GS-CONSOLIDATED Residential Sales	0.19754	0.22848	0.00000	0.00000	0.19754	0.22848
GS-CONSOLIDATED SC&I Sales	0.18525	0.22817	0.00000	0.00000	0.18525	0.22817
GS-CONSOLIDATED LC&I Sales	0.16868	0.16713	0.00000	0.00000	0.16868	0.16713
SVI-CONSOLIDATED Sales	0.10647	0.11048	0.00000	0.00000	0.10647	0.11048
LVI-CONSOLIDATED Sales	0.03568	0.04854	0.00000	0.00000	0.03568	0.04854
SVJ-CONSOLIDATED Sales	0.10647	0.11048	0.00000	0.00000	0.10647	0.11048
<b>NNG TRANSPORT</b>						
SVI-NNG Transport	0.10647	0.11048			0.10647	0.11048
LVI-NNG Transport - CIP Applicable	0.03568	0.04854			0.03568	0.04854
LVI-NNG Transport - CIP Exempt	0.02055	0.02453			0.02055	0.02453
SVJ-NNG Transport	0.10647	0.11048			0.10647	0.11048
LVJ-NNG Transport	0.03568	0.04854			0.03568	0.04854
SLVI-NNG Transport-CIP Exempt	0.00420	0.00420			0.00420	0.00420
SLVI-NNG Transport-CIP Applicable	0.01933	0.01933			0.01933	0.01933
SLVJ-NNG Transport-CIP Exempt	0.00420	0.00420			0.00420	0.00420
Transport for Resale	0.07200	0.07200			0.07200	0.07200
LVJ-NNG Flex Transport (Cust "A")	0.01963	0.01963			0.01963	0.01963
LVI-NNG Flex Transport (Cust "B")	0.00500	0.00500			0.00500	0.00500
LVI-NNG Flex Transport (Cust "C")	0.00700	0.00700			0.00700	0.00700
LVI-NNG Flex Transport (Cust "D")	0.01500	0.01500			0.01500	0.01500
LVJ-NNG Flex Transport (Cust "E")	0.01500	0.01500			0.01500	0.01500
LVJ-NNG Flex Transport (Cust "F")	0.02150	0.02150			0.02150	0.02150
LVI-NNG Flex Transport (Cust "G")	0.03000	0.03000			0.03000	0.03000
<b>CONSOLIDATED TRANSPORT</b>						
SVI-CONSOLIDATED Transport	0.10647	0.11048			0.10647	0.11048
LVI-CONSOLIDATED Transport	0.03568	0.04854			0.03568	0.04854
SVJ-CONSOLIDATED Transport	0.10647	0.11048			0.10647	0.11048
LVJ-CONSOLIDATED Transport	0.03568	0.04854			0.03568	0.04854
SLVI-CONSOLIDATED Transport-CIP Exempt	0.00850	0.00850			0.00850	0.00850
SLVI-CONSOLIDATED Transport-CIP Applicable	0.02363	0.02363			0.02363	0.02363







**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

**GS-NNG Residential Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	1,967,776	\$8.50	16,726,096	1,967,776	\$11.00	21,645,536	4,919,440	29.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	141,940,947	\$0.19754	28,039,015	141,940,947	\$0.22848	32,430,668	4,391,653	15.7%
Cost of Gas	141,940,947	\$0.63590	90,260,248	141,940,947	\$0.63590	90,260,248	0	0.0%
<b>TOTAL</b>			<b>135,025,359</b>			<b>144,336,452</b>	<b>9,311,093</b>	<b>6.9%</b>

**GS-NNG SC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	99,950	\$14.50	1,449,275	99,950	\$18.00	1,799,100	349,825	24.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	7,872,955	\$0.18525	1,458,465	7,872,955	\$0.22817	1,796,372	337,907	23.2%
Cost of Gas	7,872,955	\$0.63590	5,006,412	7,872,955	\$0.63590	5,006,412	0	0.0%
<b>TOTAL</b>			<b>7,914,152</b>			<b>8,601,884</b>	<b>687,732</b>	<b>8.7%</b>

**GS-NNG LC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	95,890	\$35.00	3,356,150	95,890	\$45.00	4,315,050	958,900	28.6%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	65,201,053	\$0.16868	10,998,114	65,201,053	\$0.16713	10,897,052	(101,062)	-0.9%
Cost of Gas	65,201,053	\$0.63590	41,461,350	65,201,053	\$0.63590	41,461,350	0	0.0%
<b>TOTAL</b>			<b>55,815,613</b>			<b>56,673,452</b>	<b>857,838</b>	<b>1.5%</b>

**SVI-NNG Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	3,757	\$150.00	563,550	3,757	\$165.00	619,905	56,355	10.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	13,239,730	\$0.10647	1,409,634	13,239,730	\$0.11048	1,462,725	53,091	3.8%
Cost of Gas	13,239,730	\$0.45635	6,041,951	13,239,730	\$0.45635	6,041,951	0	0.0%
<b>TOTAL</b>			<b>8,015,135</b>			<b>8,124,581</b>	<b>109,446</b>	<b>1.4%</b>

**LVI-NNG Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	717	\$175.00	125,475	717	\$185.00	132,645	7,170	5.7%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,037,976	\$0.03568	215,435	6,037,976	\$0.04854	293,083	77,648	36.0%
Cost of Gas	6,037,976	\$0.45635	2,755,430	6,037,976	\$0.45635	2,755,430	0	0.0%
<b>TOTAL</b>			<b>3,096,340</b>			<b>3,181,159</b>	<b>84,818</b>	<b>2.7%</b>

**SVJ-NNG Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$150.00	5,400	36	\$165.00	5,940	540	10.0%
Daily Firm Capacity	11,400	\$0.23000	2,622	11,400	\$0.25000	2,850	228	8.7%
Dist. Per Therm	149,364	\$0.10647	15,903	149,364	\$0.11048	16,502	599	3.8%
Cost of Gas	149,364	\$0.45635	68,162	149,364	\$0.45635	68,162	0	0.0%
<b>TOTAL</b>			<b>92,087</b>			<b>93,454</b>	<b>1,367</b>	<b>1.5%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

**GS-CONSOLIDATED Residential Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	343,264	\$8.50	2,917,744	343,264	\$11.00	3,775,904	858,160	29.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	23,460,910	\$0.19754	4,634,468	23,460,910	\$0.22848	5,360,349	725,881	15.7%
Cost of Gas	23,460,910	\$0.53083	12,453,755	23,460,910	\$0.53083	12,453,755	0	0.0%
<b>TOTAL</b>			<b>20,005,967</b>			<b>21,590,008</b>	<b>1,584,041</b>	<b>7.9%</b>

**GS-CONSOLIDATED SC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	31,562	\$14.50	457,649	31,562	\$18.00	568,116	110,467	24.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,324,198	\$0.18525	430,558	2,324,198	\$0.22817	530,312	99,755	23.2%
Cost of Gas	2,324,198	\$0.53083	1,233,754	2,324,198	\$0.53083	1,233,754	0	0.0%
<b>TOTAL</b>			<b>2,121,961</b>			<b>2,332,182</b>	<b>210,222</b>	<b>9.9%</b>

**GS-CONSOLIDATED LC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	30,263	\$35.00	1,059,205	30,263	\$45.00	1,361,835	302,630	28.6%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	19,333,053	\$0.16868	3,261,099	19,333,053	\$0.16713	3,231,133	(29,966)	-0.9%
Cost of Gas	19,333,053	\$0.53083	10,262,565	19,333,053	\$0.53083	10,262,565	0	0.0%
<b>TOTAL</b>			<b>14,582,869</b>			<b>14,855,533</b>	<b>272,664</b>	<b>1.9%</b>

**SVI-CONSOLIDATED Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	908	\$150.00	136,200	908	\$165.00	149,820	13,620	10.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,887,208	\$0.10647	413,871	3,887,208	\$0.11048	429,459	15,588	3.8%
Cost of Gas	3,887,208	\$0.44825	1,742,441	3,887,208	\$0.44825	1,742,441	0	0.0%
<b>TOTAL</b>			<b>2,292,512</b>			<b>2,321,720</b>	<b>29,208</b>	<b>1.3%</b>

**LVI-CONSOLIDATED Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	96	\$175.00	16,800	96	\$185.00	17,760	960	5.7%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,499,937	\$0.03568	160,558	4,499,937	\$0.04854	218,427	57,869	36.0%
Cost of Gas	4,499,937	\$0.44825	2,017,097	4,499,937	\$0.44825	2,017,097	0	0.0%
<b>TOTAL</b>			<b>2,194,455</b>			<b>2,253,284</b>	<b>58,829</b>	<b>2.7%</b>

**SVJ-CONSOLIDATED Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	60	\$150.00	9,000	60	\$165.00	9,900	900	10.0%
Daily Firm Capacity	26,520	\$0.23000	6,100	26,520	\$0.25000	6,630	530	8.7%
Dist. Per Therm	242,936	\$0.10647	25,865	242,936	\$0.11048	26,840	974	3.8%
Cost of Gas	242,936	\$0.44825	108,896	242,936	\$0.44825	108,896	0	0.0%
<b>TOTAL</b>			<b>149,861</b>			<b>152,266</b>	<b>2,405</b>	<b>1.6%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION**  
**COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

**SVI-NNG Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	80	\$220.00	17,600	80	\$275.00	22,000	4,400	25.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,077,854	\$0.10647	221,229	2,077,854	\$0.11048	229,561	8,332	3.8%
Cost of Gas	2,077,854	\$0.00000	0	2,077,854	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>238,829</b>			<b>251,561</b>	<b>12,732</b>	<b>5.3%</b>

**LVI-NNG Transport - CIP Applicable**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	582	\$245.00	142,590	582	\$295.00	171,690	29,100	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	30,434,039	\$0.03568	1,085,887	30,434,039	\$0.04854	1,477,268	391,382	36.0%
Cost of Gas	30,434,039	\$0.00000	0	30,434,039	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>1,228,477</b>			<b>1,648,958</b>	<b>420,482</b>	<b>34.2%</b>

**LVI-NNG Transport - CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$245.00	5,880	24	\$295.00	7,080	1,200	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	20,638,293	\$0.02055	424,117	20,638,293	\$0.02453	506,257	82,140	19.4%
Cost of Gas	20,638,293	\$0.00000	0	20,638,293	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>429,997</b>			<b>513,337</b>	<b>83,340</b>	<b>19.4%</b>

**SVJ-NNG Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	154	\$220.00	33,880	154	\$275.00	42,350	8,470	25.0%
Daily Firm Capacity	123,990	\$0.23000	28,518	123,990	\$0.25000	30,998	2,480	8.7%
Dist. Per Therm	1,070,032	\$0.10647	113,926	1,070,032	\$0.11048	118,217	4,291	3.8%
Cost of Gas	1,070,032	\$0.00000	0	1,070,032	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>176,324</b>			<b>191,565</b>	<b>15,241</b>	<b>8.6%</b>

**LVJ-NNG Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	209	\$245.00	51,205	209	\$295.00	61,655	10,450	20.4%
Daily Firm Capacity	354,390	\$0.23000	81,510	354,390	\$0.25000	88,598	7,088	8.7%
Dist. Per Therm	12,687,154	\$0.03568	452,678	12,687,154	\$0.04854	615,834	163,157	36.0%
Cost of Gas	12,687,154	\$0.00000	0	12,687,154	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>585,392</b>			<b>766,087</b>	<b>180,695</b>	<b>30.9%</b>

**SLVI-NNG Transport-CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	147	\$370.00	54,390	147	\$460.00	67,620	13,230	24.3%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	169,824,292	\$0.00420	713,262	169,824,292	\$0.00420	713,262	0	0.0%
Cost of Gas	169,824,292	\$0.00000	0	169,824,292	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>767,652</b>			<b>780,882</b>	<b>13,230</b>	<b>1.7%</b>

**SLVI-NNG Transport-CIP Applicable**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$370.00	8,880	24	\$460.00	11,040	2,160	24.3%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,833,717	\$0.01933	74,106	3,833,717	\$0.01933	74,106	0	0.0%
Cost of Gas	3,833,717	\$0.00000	0	3,833,717	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>82,986</b>			<b>85,146</b>	<b>2,160</b>	<b>2.6%</b>

**SLVJ-NNG Transport-CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$370.00	8,880	24	\$460.00	11,040	2,160	24.3%
Daily Firm Capacity	4,094,400	\$0.06200	253,853	4,094,400	\$0.06200	253,853	0	0.0%
Dist. Per Therm	39,583,259	\$0.00420	166,250	39,583,259	\$0.00420	166,250	0	0.0%
Cost of Gas	39,583,259	\$0.00000	0	39,583,259	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>428,982</b>			<b>431,142</b>	<b>2,160</b>	<b>0.5%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

**Transport for Resale**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	171,817	\$0.07200	12,371	171,817	\$0.07200	12,371	0	0.0%
Cost of Gas	171,817	\$0.00000	0	171,817	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>15,311</b>			<b>15,911</b>	<b>600</b>	<b>3.9%</b>

**LVJ-NNG Flex Transport (Cust "A")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	60,000	\$0.23000	13,800	60,000	\$0.25000	15,000	1,200	8.7%
Dist. Per Therm	5,599,894	\$0.01963	109,926	5,599,894	\$0.01963	109,926	0	0.0%
Cost of Gas	5,599,894	\$0.00000	0	5,599,894	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>126,666</b>			<b>128,466</b>	<b>1,800</b>	<b>1.4%</b>

**LVI-NNG Flex Transport (Cust "B")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	11,058,509	\$0.00500	55,293	11,058,509	\$0.00500	55,293	0	0.0%
Cost of Gas	11,058,509	\$0.00000	0	11,058,509	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>58,233</b>			<b>58,833</b>	<b>600</b>	<b>1.0%</b>

**LVI-NNG Flex Transport (Cust "C")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$245.00	1,470	6	\$295.00	1,770	300	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	5,877,578	\$0.00700	41,143	5,877,578	\$0.00700	41,143	0	0.0%
Cost of Gas	5,877,578	\$0.00000	0	5,877,578	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>42,613</b>			<b>42,913</b>	<b>300</b>	<b>0.7%</b>

**LVI-NNG Flex Transport (Cust "D")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$245.00	1,470	6	\$295.00	1,770	300	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	5,248,941	\$0.01500	78,734	5,248,941	\$0.01500	78,734	0	0.0%
Cost of Gas	5,248,941	\$0.00000	0	5,248,941	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>80,204</b>			<b>80,504</b>	<b>300</b>	<b>0.4%</b>

**LVJ-NNG Flex Transport (Cust "E")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	72,000	\$0.23000	16,560	72,000	\$0.25000	18,000	1,440	8.7%
Dist. Per Therm	6,618,017	\$0.01500	99,270	6,618,017	\$0.01500	99,270	0	0.0%
Cost of Gas	6,618,017	\$0.00000	0	6,618,017	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>118,770</b>			<b>120,810</b>	<b>2,040</b>	<b>1.7%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

**LVJ-NNG Flex Transport (Cust "F")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$245.00	8,820	36	\$295.00	10,620	1,800	20.4%
Daily Firm Capacity	45,000	\$0.23000	10,350	45,000	\$0.25000	11,250	900	8.7%
Dist. Per Therm	3,316,752	\$0.02150	71,310	3,316,752	\$0.02150	71,310	0	0.0%
Cost of Gas	3,316,752	\$0.00000	0	3,316,752	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>90,480</b>			<b>93,180</b>	<b>2,700</b>	<b>3.0%</b>

**LVI-NNG Flex Transport (Cust "G")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$245.00	5,880	24	\$295.00	7,080	1,200	20.4%
Daily Firm Capacity	0	\$0.23000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,109,850	\$0.03000	63,296	2,109,850	\$0.03000	63,296	0	0.0%
Cost of Gas	2,109,850	\$0.00000	0	2,109,850	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>69,176</b>			<b>70,376</b>	<b>1,200</b>	<b>1.7%</b>

**SVI-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	212	\$220.00	46,640	212	\$275.00	58,300	11,660	25.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,257,399	\$0.10647	240,345	2,257,399	\$0.11048	249,397	9,052	3.8%
Cost of Gas	2,257,399	\$0.00000	0	2,257,399	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>286,985</b>			<b>307,697</b>	<b>20,712</b>	<b>7.2%</b>

**LVI-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	132	\$245.00	32,340	132	\$295.00	38,940	6,600	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	10,451,172	\$0.03568	372,898	10,451,172	\$0.04854	507,300	134,402	36.0%
Cost of Gas	10,451,172	\$0.00000	0	10,451,172	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>405,238</b>			<b>546,240</b>	<b>141,002</b>	<b>34.8%</b>

**SVJ-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	92	\$220.00	20,240	92	\$275.00	25,300	5,060	25.0%
Daily Firm Capacity	57,260	\$0.23000	13,170	57,260	\$0.25000	14,315	1,145	8.7%
Dist. Per Therm	569,689	\$0.10647	60,655	569,689	\$0.11048	62,939	2,284	3.8%
Cost of Gas	569,689	\$0.00000	0	569,689	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>94,065</b>			<b>102,554</b>	<b>8,490</b>	<b>9.0%</b>

**LVJ-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	84	\$245.00	20,580	84	\$295.00	24,780	4,200	20.4%
Daily Firm Capacity	151,320	\$0.23000	34,804	151,320	\$0.25000	37,830	3,026	8.7%
Dist. Per Therm	3,977,197	\$0.03568	141,906	3,977,197	\$0.04854	193,053	51,147	36.0%
Cost of Gas	3,977,197	\$0.00000	0	3,977,197	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>197,290</b>			<b>255,663</b>	<b>58,373</b>	<b>29.6%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

**SLVI-CONSOLIDATED Transport-CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	108	\$370.00	39,960	108	\$460.00	49,680	9,720	24.3%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	37,237,855	\$0.00850	316,522	37,237,855	\$0.00850	316,522	0	0.0%
Cost of Gas	37,237,855	\$0.00000	0	37,237,855	\$0.00000	0	0	0.0%
<b>TOTAL</b>			356,482			366,202	9,720	2.7%

**SLVI-CONSOLIDATED Transport-CIP Applicable**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	0	\$370.00	0	0	\$460.00	0	0	0.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	0	\$0.02363	0	0	\$0.02363	0	0	0.0%
Cost of Gas	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
<b>TOTAL</b>			0			0	0	0.0%

**MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (INCLUDING GAS COSTS)**

**GS-NNG Residential Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$29.34	\$352.03	\$32.61	\$391.31	11.16%
30	\$33.50	\$402.04	\$36.93	\$443.18	10.23%	10.23%
45	\$46.00	\$552.06	\$49.90	\$598.77	8.46%	8.46%
60	\$58.51	\$702.08	\$62.86	\$754.35	7.45%	7.45%
75	\$71.01	\$852.10	\$75.83	\$909.94	6.79%	6.79%
100	\$91.84	\$1,102.13	\$97.44	\$1,169.26	6.09%	6.09%
125	\$112.68	\$1,352.16	\$119.05	\$1,428.57	5.65%	5.65%
150	\$133.52	\$1,602.19	\$140.66	\$1,687.88	5.35%	5.35%
200	\$175.19	\$2,102.26	\$183.88	\$2,206.51	4.96%	4.96%
250	\$216.86	\$2,602.32	\$227.10	\$2,725.14	4.72%	4.72%

**GS-NNG SC&I Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$35.03	\$420.35	\$39.60	\$475.22	13.05%
30	\$39.13	\$469.61	\$43.92	\$527.07	12.23%	12.23%
45	\$51.45	\$617.42	\$56.88	\$682.60	10.56%	10.56%
60	\$63.77	\$765.23	\$69.84	\$838.13	9.53%	9.53%
75	\$76.09	\$913.04	\$82.81	\$993.86	8.33%	8.33%
100	\$96.62	\$1,159.38	\$104.41	\$1,252.88	8.07%	8.07%
125	\$117.14	\$1,405.73	\$126.01	\$1,512.11	7.57%	7.57%
150	\$137.67	\$1,652.07	\$147.61	\$1,771.33	7.22%	7.22%
200	\$178.73	\$2,144.76	\$190.81	\$2,289.77	6.76%	6.76%
250	\$219.79	\$2,637.45	\$234.02	\$2,808.21	6.47%	6.47%

**GS-NNG LC&I Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50	\$75.23	\$902.75	\$85.15	\$1,021.82	13.19%
100	\$115.46	\$1,385.50	\$125.30	\$1,503.64	8.53%	8.53%
200	\$195.92	\$2,350.99	\$205.61	\$2,467.27	4.95%	4.95%
300	\$276.37	\$3,316.49	\$285.91	\$3,430.91	3.45%	3.45%
400	\$356.83	\$4,281.98	\$366.21	\$4,394.54	2.63%	2.63%
500	\$437.29	\$5,247.48	\$446.52	\$5,359.18	2.11%	2.11%
600	\$517.75	\$6,212.98	\$526.82	\$6,321.82	1.75%	1.75%
750	\$638.44	\$7,661.22	\$647.27	\$7,767.27	1.38%	1.38%
900	\$759.12	\$9,109.46	\$767.73	\$9,212.72	1.13%	1.13%
1,000	\$839.58	\$10,074.96	\$848.03	\$10,176.36	1.01%	1.01%

**SVI-NNG Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$431.41	\$5,176.92	\$448.42	\$5,380.98	3.94%
1,000	\$712.82	\$8,553.84	\$731.83	\$8,781.96	2.67%	2.67%
1,500	\$994.23	\$11,930.76	\$1,015.25	\$12,182.94	2.11%	2.11%
2,000	\$1,275.64	\$15,307.68	\$1,298.66	\$15,583.92	1.80%	1.80%
3,000	\$1,838.46	\$22,061.52	\$1,865.49	\$22,385.88	1.47%	1.47%
5,000	\$2,964.10	\$35,569.20	\$2,999.15	\$35,989.80	1.18%	1.18%
6,000	\$3,526.92	\$42,323.04	\$3,565.98	\$42,791.76	1.11%	1.11%
7,500	\$4,371.15	\$52,453.80	\$4,416.23	\$52,994.70	1.03%	1.03%
9,000	\$5,215.38	\$62,584.56	\$5,266.47	\$63,197.64	0.98%	0.98%
10,000	\$5,778.20	\$69,338.40	\$5,833.30	\$69,999.60	0.95%	0.95%

**LVI-NNG Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$421.02	\$5,052.18	\$437.45	\$5,249.34	3.90%
1,000	\$667.03	\$8,004.36	\$689.89	\$8,278.68	3.43%	3.43%
2,500	\$1,405.08	\$16,860.90	\$1,447.23	\$17,366.70	3.00%	3.00%
5,000	\$2,635.15	\$31,621.80	\$2,709.45	\$32,513.40	2.82%	2.82%
7,500	\$3,865.23	\$46,382.70	\$3,971.68	\$47,660.10	2.75%	2.75%
10,000	\$5,095.30	\$61,143.60	\$5,233.90	\$62,806.80	2.72%	2.72%
12,500	\$6,325.38	\$75,904.50	\$6,496.13	\$77,953.50	2.70%	2.70%
15,000	\$7,555.45	\$90,665.40	\$7,758.35	\$93,100.20	2.69%	2.69%
17,500	\$8,785.53	\$105,426.30	\$9,020.58	\$108,246.90	2.68%	2.68%
20,000	\$10,015.60	\$120,187.20	\$10,282.80	\$123,393.60	2.67%	2.67%

**SVJ-NNG Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$504.32	\$6,051.84	\$521.33	\$6,255.90	3.37%
1,000	\$785.73	\$9,428.76	\$804.74	\$9,656.88	2.42%	2.42%
1,500	\$1,067.14	\$12,805.68	\$1,088.16	\$13,057.86	1.97%	1.97%
2,000	\$1,348.55	\$16,182.60	\$1,371.57	\$16,458.84	1.71%	1.71%
3,000	\$1,911.37	\$22,936.44	\$1,938.40	\$23,260.80	1.41%	1.41%
5,000	\$3,037.01	\$36,444.12	\$3,072.06	\$36,864.72	1.15%	1.15%
6,000	\$3,599.83	\$43,197.96	\$3,638.89	\$43,666.68	1.09%	1.09%
7,500	\$4,444.06	\$53,328.72	\$4,489.14	\$53,869.62	1.01%	1.01%
9,000	\$5,288.29	\$63,459.48	\$5,339.38	\$64,072.56	0.97%	0.97%
10,000	\$5,851.11	\$70,213.32	\$5,906.21	\$70,874.52	0.94%	0.94%

**MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (INCLUDING GAS COSTS)**

**GS-CONSOLIDATED Residential Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$26.71	\$320.51	\$29.98	\$359.79	12.26%
30	\$30.35	\$364.21	\$33.78	\$405.35	11.30%	11.30%
45	\$41.28	\$495.32	\$45.17	\$542.03	9.43%	9.43%
60	\$52.20	\$626.43	\$56.56	\$678.70	8.35%	8.35%
75	\$63.13	\$757.53	\$67.95	\$815.38	7.64%	7.64%
100	\$81.34	\$976.04	\$86.93	\$1,043.17	6.88%	6.88%
125	\$99.55	\$1,194.56	\$105.91	\$1,270.97	6.40%	6.40%
150	\$117.76	\$1,413.07	\$124.90	\$1,498.76	6.06%	6.06%
200	\$154.17	\$1,850.09	\$162.86	\$1,954.34	5.64%	5.64%
250	\$190.59	\$2,287.11	\$200.83	\$2,409.93	5.37%	5.37%

**GS-CONSOLIDATED SC&I Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$32.40	\$388.82	\$36.98	\$443.70	14.11%
30	\$35.98	\$431.79	\$40.77	\$489.24	13.31%	13.31%
45	\$46.72	\$560.68	\$52.16	\$625.86	11.62%	11.62%
60	\$57.46	\$689.58	\$63.54	\$762.48	10.57%	10.57%
75	\$68.21	\$818.47	\$74.93	\$899.10	9.85%	9.85%
100	\$86.11	\$1,033.30	\$93.90	\$1,126.80	9.05%	9.05%
125	\$104.01	\$1,248.12	\$112.88	\$1,354.50	8.52%	8.52%
150	\$121.91	\$1,462.94	\$131.85	\$1,582.20	8.15%	8.15%
200	\$157.72	\$1,892.59	\$169.80	\$2,037.60	7.66%	7.66%
250	\$193.52	\$2,322.24	\$207.75	\$2,493.00	7.35%	7.35%

**GS-CONSOLIDATED LC&I Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50	\$69.98	\$839.71	\$79.90	\$958.78	14.18%
100	\$104.95	\$1,259.41	\$114.80	\$1,377.55	9.38%	9.38%
200	\$174.90	\$2,098.82	\$184.59	\$2,215.10	5.54%	5.54%
300	\$244.85	\$2,938.24	\$254.39	\$3,052.66	3.89%	3.89%
400	\$314.80	\$3,777.65	\$324.18	\$3,890.21	2.98%	2.98%
500	\$384.76	\$4,617.06	\$393.98	\$4,727.76	2.40%	2.40%
600	\$454.71	\$5,456.47	\$463.78	\$5,565.31	1.99%	1.99%
750	\$559.63	\$6,715.59	\$568.47	\$6,821.64	1.58%	1.58%
900	\$664.56	\$7,974.71	\$673.16	\$8,077.97	1.29%	1.29%
1,000	\$734.51	\$8,814.12	\$742.96	\$8,915.52	1.15%	1.15%

**SVI-CONSOLIDATED Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$427.36	\$5,128.32	\$444.37	\$5,332.38	3.98%
1,000	\$704.72	\$8,456.64	\$723.73	\$8,684.76	2.70%	2.70%
1,500	\$982.08	\$11,784.96	\$1,003.10	\$12,037.14	2.14%	2.14%
2,000	\$1,259.44	\$15,113.28	\$1,282.46	\$15,389.52	1.83%	1.83%
3,000	\$1,814.16	\$21,769.92	\$1,841.19	\$22,094.28	1.49%	1.49%
5,000	\$2,923.60	\$35,083.20	\$2,958.65	\$35,503.80	1.20%	1.20%
6,000	\$3,478.32	\$41,739.84	\$3,517.38	\$42,208.56	1.12%	1.12%
7,500	\$4,310.40	\$51,724.80	\$4,355.48	\$52,265.70	1.05%	1.05%
9,000	\$5,142.48	\$61,709.76	\$5,193.57	\$62,322.84	0.99%	0.99%
10,000	\$5,697.20	\$68,366.40	\$5,752.30	\$69,027.60	0.97%	0.97%

**LVI-CONSOLIDATED Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$416.97	\$5,003.58	\$433.40	\$5,200.74	3.94%
1,000	\$658.93	\$7,907.16	\$681.79	\$8,181.48	3.47%	3.47%
2,500	\$1,384.83	\$16,617.90	\$1,426.88	\$17,123.70	3.04%	3.04%
5,000	\$2,594.65	\$31,135.80	\$2,668.95	\$32,027.40	2.86%	2.86%
7,500	\$3,804.48	\$45,653.70	\$3,910.93	\$46,931.10	2.80%	2.80%
10,000	\$5,014.30	\$60,171.60	\$5,152.90	\$61,834.80	2.76%	2.76%
12,500	\$6,224.13	\$74,689.50	\$6,394.88	\$76,738.50	2.74%	2.74%
15,000	\$7,433.95	\$89,207.40	\$7,636.85	\$91,642.20	2.73%	2.73%
17,500	\$8,643.78	\$103,725.30	\$8,878.83	\$106,545.90	2.72%	2.72%
20,000	\$9,853.60	\$118,243.20	\$10,120.80	\$121,449.60	2.71%	2.71%

**SVJ-CONSOLIDATED Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$529.02	\$6,348.24	\$554.87	\$6,658.38	4.89%
1,000	\$806.38	\$9,676.56	\$834.23	\$10,010.76	3.45%	3.45%
1,500	\$1,083.74	\$13,004.88	\$1,113.60	\$13,363.14	2.75%	2.75%
2,000	\$1,361.10	\$16,333.20	\$1,392.96	\$16,715.52	2.34%	2.34%
3,000	\$1,915.82	\$22,989.84	\$1,951.69	\$23,420.28	1.87%	1.87%
5,000	\$3,025.26	\$36,303.12	\$3,069.15	\$36,829.80	1.45%	1.45%
6,000	\$3,579.98	\$42,959.76	\$3,627.88	\$43,534.56	1.34%	1.34%
7,500	\$4,412.06	\$52,944.72	\$4,465.98	\$53,591.70	1.22%	1.22%
9,000	\$5,244.14	\$62,929.68	\$5,304.07	\$63,648.84	1.14%	1.14%
10,000	\$5,798.86	\$69,586.32	\$5,862.80	\$70,353.60	1.10%	1.10%



**MINNESOTA ENERGY RESOURCES CORPORATION  
BILL COMPARISON (INCLUDING GAS COSTS)**

**SVI-NNG Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$273.24	\$3,278.82	\$330.24	\$3,962.88	20.86%
1,000	\$326.47	\$3,917.64	\$385.48	\$4,625.76	18.08%	18.08%
1,500	\$379.71	\$4,556.46	\$440.72	\$5,288.64	16.07%	16.07%
2,000	\$432.94	\$5,195.28	\$495.96	\$5,951.52	14.56%	14.56%
3,000	\$539.41	\$6,472.32	\$606.44	\$7,277.28	12.43%	12.43%
5,000	\$752.35	\$9,028.20	\$827.40	\$9,928.80	9.98%	9.98%
6,000	\$858.82	\$10,305.84	\$937.88	\$11,254.56	9.21%	9.21%
7,500	\$1,018.53	\$12,222.30	\$1,103.60	\$13,243.20	8.35%	8.35%
9,000	\$1,178.23	\$14,138.76	\$1,269.32	\$15,231.84	7.73%	7.73%
10,000	\$1,284.70	\$15,416.40	\$1,379.80	\$16,557.60	7.40%	7.40%

**LVI-NNG Transport - CIP Applicable**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$262.84	\$3,154.08	\$319.27	\$3,831.24	21.47%
1,000	\$280.68	\$3,368.16	\$343.54	\$4,122.48	22.40%	22.40%
2,500	\$334.20	\$4,010.40	\$416.35	\$4,996.20	24.58%	24.58%
5,000	\$423.40	\$5,080.80	\$537.70	\$6,452.40	27.00%	27.00%
7,500	\$512.60	\$6,151.20	\$659.05	\$7,908.60	28.57%	28.57%
10,000	\$601.80	\$7,221.60	\$780.40	\$9,364.80	29.68%	29.68%
12,500	\$691.00	\$8,292.00	\$901.75	\$10,821.00	30.50%	30.50%
15,000	\$780.20	\$9,362.40	\$1,023.10	\$12,277.20	31.13%	31.13%
17,500	\$869.40	\$10,432.80	\$1,144.45	\$13,733.40	31.64%	31.64%
20,000	\$958.60	\$11,503.20	\$1,265.80	\$15,189.60	32.05%	32.05%

**LVI-NNG Transport - CIP Exempt**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$255.28	\$3,063.30	\$307.27	\$3,687.18	20.37%
1,000	\$265.55	\$3,186.60	\$319.53	\$3,834.36	20.33%	20.33%
2,500	\$296.38	\$3,556.50	\$356.33	\$4,275.90	20.23%	20.23%
5,000	\$347.75	\$4,173.00	\$417.65	\$5,011.80	20.10%	20.10%
7,500	\$398.13	\$4,789.50	\$478.98	\$5,747.70	20.01%	20.01%
10,000	\$450.50	\$5,406.00	\$540.30	\$6,483.60	19.93%	19.93%
12,500	\$501.88	\$6,022.50	\$601.63	\$7,219.50	19.88%	19.88%
15,000	\$553.25	\$6,639.00	\$662.95	\$7,955.40	19.83%	19.83%
17,500	\$604.63	\$7,255.50	\$724.28	\$8,691.30	19.79%	19.79%
20,000	\$656.00	\$7,872.00	\$785.60	\$9,427.20	19.76%	19.76%

**SVJ-NNG Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$458.39	\$5,500.62	\$531.49	\$6,377.88	15.95%
1,000	\$511.62	\$6,139.44	\$586.73	\$7,040.76	14.68%	14.68%
1,500	\$564.86	\$6,778.26	\$641.97	\$7,703.64	13.65%	13.65%
2,000	\$618.09	\$7,417.08	\$697.21	\$8,366.52	12.80%	12.80%
3,000	\$724.56	\$8,694.72	\$807.69	\$9,692.28	11.47%	11.47%
5,000	\$937.50	\$11,250.00	\$1,028.65	\$12,343.80	9.72%	9.72%
6,000	\$1,043.97	\$12,527.64	\$1,139.13	\$13,669.56	9.12%	9.12%
7,500	\$1,203.68	\$14,444.10	\$1,304.85	\$15,658.20	8.41%	8.41%
9,000	\$1,363.38	\$16,360.56	\$1,470.57	\$17,646.84	7.86%	7.86%
10,000	\$1,469.85	\$17,638.20	\$1,581.05	\$18,972.60	7.57%	7.57%

**LVJ-NNG Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$652.92	\$7,835.04	\$743.27	\$8,919.24	13.84%
1,000	\$670.76	\$8,049.12	\$767.54	\$9,210.48	14.43%	14.43%
2,500	\$724.28	\$8,691.36	\$840.35	\$10,084.20	16.03%	16.03%
5,000	\$813.48	\$9,761.76	\$961.70	\$11,540.40	18.22%	18.22%
7,500	\$902.68	\$10,832.16	\$1,083.05	\$12,996.60	19.98%	19.98%
10,000	\$991.88	\$11,902.56	\$1,204.40	\$14,452.80	21.43%	21.43%
12,500	\$1,081.08	\$12,972.96	\$1,325.75	\$15,909.00	22.63%	22.63%
15,000	\$1,170.28	\$14,043.36	\$1,447.10	\$17,365.20	23.65%	23.65%
17,500	\$1,259.48	\$15,113.76	\$1,568.45	\$18,821.40	24.53%	24.53%
20,000	\$1,348.68	\$16,184.16	\$1,689.80	\$20,277.60	25.29%	25.29%

**SLVI-NNG Transport-CIP Exempt**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$580.00	\$6,960.00	\$670.00	\$8,040.00	15.52%
100,000	\$790.00	\$9,480.00	\$880.00	\$10,560.00	11.30%	11.30%
200,000	\$1,210.00	\$14,520.00	\$1,300.00	\$15,600.00	7.44%	7.44%
500,000	\$2,470.00	\$29,640.00	\$2,560.00	\$30,720.00	3.64%	3.64%
750,000	\$3,520.00	\$42,240.00	\$3,610.00	\$43,320.00	2.56%	2.56%
1,000,000	\$4,570.00	\$54,840.00	\$4,660.00	\$55,920.00	1.97%	1.97%
1,500,000	\$6,670.00	\$80,040.00	\$6,760.00	\$81,120.00	1.35%	1.35%
2,000,000	\$8,770.00	\$105,240.00	\$8,860.00	\$106,320.00	1.03%	1.03%
2,500,000	\$10,870.00	\$130,440.00	\$10,960.00	\$131,520.00	0.83%	0.83%
3,000,000	\$12,970.00	\$155,640.00	\$13,060.00	\$156,720.00	0.69%	0.69%

**SLVI-NNG Transport-CIP Applicable**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$1,336.59	\$16,038.00	\$1,426.50	\$17,118.00	6.73%
100,000	\$2,303.00	\$27,636.00	\$2,393.00	\$28,716.00	3.91%	3.91%
200,000	\$4,236.00	\$50,832.00	\$4,326.00	\$51,912.00	2.12%	2.12%
500,000	\$10,035.00	\$120,420.00	\$10,125.00	\$121,500.00	0.90%	0.90%
750,000	\$14,867.50	\$178,410.00	\$14,957.50	\$179,490.00	0.61%	0.61%
1,000,000	\$19,700.00	\$236,400.00	\$19,790.00	\$237,480.00	0.46%	0.46%
1,500,000	\$29,365.00	\$352,380.00	\$29,455.00	\$353,460.00	0.31%	0.31%
2,000,000	\$39,030.00	\$468,360.00	\$39,120.00	\$469,440.00	0.23%	0.23%
2,500,000	\$48,695.00	\$584,340.00	\$48,785.00	\$585,420.00	0.18%	0.18%
3,000,000	\$58,360.00	\$700,320.00	\$58,450.00	\$701,400.00	0.15%	0.15%

**SLVJ-NNG Transport-CIP Exempt**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$11,157.20	\$133,886.40	\$11,247.20	\$134,966.40	0.81%
100,000	\$11,367.20	\$136,406.40	\$11,457.20	\$137,486.40	0.79%	0.79%
200,000	\$11,787.20	\$141,446.40	\$11,877.20	\$142,526.40	0.76%	0.76%
500,000	\$13,047.20	\$156,566.40	\$13,137.20	\$157,646.40	0.69%	0.69%
750,000	\$14,097.20	\$169,166.40	\$14,187.20	\$170,246.40	0.64%	0.64%
1,000,000	\$15,147.20	\$181,766.40	\$15,237.20	\$182,846.40	0.59%	0.59%
1,500,000	\$17,247.20	\$206,966.40	\$17,337.20	\$208,046.40	0.52%	0.52%
2,000,000	\$19,347.20	\$232,166.40	\$19,437.20	\$233,246.40	0.47%	0.47%
2,500,000	\$21,447.20	\$257,366.40	\$21,537.20	\$258,446.40	0.42%	0.42%
3,000,000	\$23,547.20	\$282,566.40	\$23,637.20	\$283,646.40	0.38%	0.38%

**MINNESOTA ENERGY RESOURCES CORPORATION  
BILL COMPARISON (INCLUDING GAS COSTS)**

**Transport for Resale**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	1,000	\$317.00	\$3,804.00	\$367.00	\$4,404.00	15.77%
2,500	\$425.00	\$5,100.00	\$475.00	\$5,700.00	11.76%	11.76%
5,000	\$605.00	\$7,260.00	\$655.00	\$7,860.00	8.26%	8.26%
7,500	\$785.00	\$9,420.00	\$835.00	\$10,020.00	6.37%	6.37%
10,000	\$965.00	\$11,580.00	\$1,015.00	\$12,180.00	5.18%	5.18%
15,000	\$1,325.00	\$15,900.00	\$1,375.00	\$16,500.00	3.77%	3.77%
20,000	\$1,685.00	\$20,220.00	\$1,735.00	\$20,820.00	2.97%	2.97%
25,000	\$2,045.00	\$24,540.00	\$2,095.00	\$25,140.00	2.44%	2.44%
30,000	\$2,405.00	\$28,860.00	\$2,455.00	\$29,460.00	2.08%	2.08%
35,000	\$2,765.00	\$33,180.00	\$2,815.00	\$33,780.00	1.81%	1.81%

**LVJ-NNG Flex Transport (Cust "A")**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,885.75	\$22,629.00	\$2,035.75	\$24,429.00	7.95%
50,000	\$2,376.50	\$28,518.00	\$2,526.50	\$30,318.00	6.31%	6.31%
100,000	\$3,358.00	\$40,296.00	\$3,508.00	\$42,096.00	4.47%	4.47%
250,000	\$6,302.50	\$75,630.00	\$6,452.50	\$77,430.00	2.38%	2.38%
400,000	\$9,247.00	\$110,964.00	\$9,397.00	\$112,764.00	1.62%	1.62%
500,000	\$11,210.00	\$134,520.00	\$11,360.00	\$136,320.00	1.34%	1.34%
600,000	\$13,173.00	\$158,076.00	\$13,323.00	\$159,876.00	1.14%	1.14%
750,000	\$16,117.50	\$193,410.00	\$16,267.50	\$195,210.00	0.93%	0.93%
1,000,000	\$21,025.00	\$252,300.00	\$21,175.00	\$254,100.00	0.71%	0.71%
1,250,000	\$25,932.50	\$311,190.00	\$26,082.50	\$312,990.00	0.58%	0.58%

**LVI-NNG Flex Transport (Cust "B")**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$370.00	\$4,440.00	\$420.00	\$5,040.00	13.51%
50,000	\$495.00	\$5,940.00	\$545.00	\$6,540.00	10.10%	10.10%
100,000	\$745.00	\$8,940.00	\$795.00	\$9,540.00	6.71%	6.71%
250,000	\$1,495.00	\$17,940.00	\$1,545.00	\$18,540.00	3.34%	3.34%
400,000	\$2,245.00	\$26,940.00	\$2,295.00	\$27,540.00	2.23%	2.23%
500,000	\$2,745.00	\$32,940.00	\$2,795.00	\$33,540.00	1.82%	1.82%
600,000	\$3,245.00	\$38,940.00	\$3,295.00	\$39,540.00	1.54%	1.54%
750,000	\$3,995.00	\$47,940.00	\$4,045.00	\$48,540.00	1.25%	1.25%
1,000,000	\$5,245.00	\$62,940.00	\$5,295.00	\$63,540.00	0.95%	0.95%
1,250,000	\$6,495.00	\$77,940.00	\$6,545.00	\$78,540.00	0.77%	0.77%

**LVI-NNG Flex Transport (Cust "C")**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$420.00	\$5,040.00	\$470.00	\$5,640.00	11.90%
50,000	\$595.00	\$7,140.00	\$645.00	\$7,740.00	8.40%	8.40%
100,000	\$945.00	\$11,340.00	\$995.00	\$11,940.00	5.29%	5.29%
250,000	\$1,995.00	\$23,940.00	\$2,045.00	\$24,540.00	2.51%	2.51%
400,000	\$3,045.00	\$36,540.00	\$3,095.00	\$37,140.00	1.64%	1.64%
500,000	\$3,745.00	\$44,940.00	\$3,795.00	\$45,540.00	1.34%	1.34%
600,000	\$4,445.00	\$53,340.00	\$4,495.00	\$53,940.00	1.12%	1.12%
750,000	\$5,495.00	\$65,940.00	\$5,545.00	\$66,540.00	0.91%	0.91%
1,000,000	\$7,245.00	\$86,940.00	\$7,295.00	\$87,540.00	0.69%	0.69%
1,250,000	\$8,995.00	\$107,940.00	\$9,045.00	\$108,540.00	0.56%	0.56%

**LVI-NNG Flex Transport (Cust "D")**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$620.00	\$7,440.00	\$670.00	\$8,040.00	8.06%
50,000	\$995.00	\$11,940.00	\$1,045.00	\$12,540.00	5.03%	5.03%
100,000	\$1,745.00	\$20,940.00	\$1,795.00	\$21,540.00	2.87%	2.87%
250,000	\$3,995.00	\$47,940.00	\$4,045.00	\$48,540.00	1.25%	1.25%
400,000	\$6,245.00	\$74,940.00	\$6,295.00	\$75,540.00	0.80%	0.80%
500,000	\$7,745.00	\$92,940.00	\$7,795.00	\$93,540.00	0.65%	0.65%
600,000	\$9,245.00	\$110,940.00	\$9,295.00	\$111,540.00	0.54%	0.54%
750,000	\$11,495.00	\$137,940.00	\$11,545.00	\$138,540.00	0.43%	0.43%
1,000,000	\$15,245.00	\$182,940.00	\$15,295.00	\$183,540.00	0.33%	0.33%
1,250,000	\$18,995.00	\$227,940.00	\$19,045.00	\$228,540.00	0.26%	0.26%

**LVJ-NNG Flex Transport (Cust "E")**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$2,000.00	\$24,000.00	\$2,170.00	\$26,040.00	8.50%
50,000	\$2,375.00	\$28,500.00	\$2,545.00	\$30,540.00	7.16%	7.16%
100,000	\$3,125.00	\$37,500.00	\$3,295.00	\$39,540.00	5.44%	5.44%
250,000	\$5,375.00	\$64,500.00	\$5,545.00	\$66,540.00	3.16%	3.16%
400,000	\$7,625.00	\$91,500.00	\$7,795.00	\$93,540.00	2.23%	2.23%
500,000	\$9,125.00	\$109,500.00	\$9,295.00	\$111,540.00	1.86%	1.86%
600,000	\$10,625.00	\$127,500.00	\$10,795.00	\$129,540.00	1.60%	1.60%
750,000	\$12,875.00	\$154,500.00	\$13,045.00	\$156,540.00	1.32%	1.32%
1,000,000	\$16,625.00	\$199,500.00	\$16,795.00	\$201,540.00	1.02%	1.02%
1,250,000	\$20,375.00	\$244,500.00	\$20,545.00	\$246,540.00	0.83%	0.83%

MINNESOTA ENERGY RESOURCES CORPORATION  
BILL COMPARISON (INCLUDING GAS COSTS)

LVJ-NNG Flex Transport (Cust "F")

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,070.00	\$12,840.00	\$1,145.00	\$13,740.00	7.01%
50,000	\$1,607.50	\$19,290.00	\$1,682.50	\$20,190.00	4.67%	4.67%
100,000	\$2,682.50	\$32,190.00	\$2,757.50	\$33,090.00	2.80%	2.80%
250,000	\$5,907.50	\$70,890.00	\$5,982.50	\$71,790.00	1.27%	1.27%
400,000	\$9,132.50	\$109,590.00	\$9,207.50	\$110,490.00	0.82%	0.82%
500,000	\$11,282.50	\$135,390.00	\$11,357.50	\$136,290.00	0.66%	0.66%
600,000	\$13,432.50	\$161,190.00	\$13,507.50	\$162,090.00	0.56%	0.56%
750,000	\$16,657.50	\$199,890.00	\$16,732.50	\$200,790.00	0.45%	0.45%
1,000,000	\$22,032.50	\$264,390.00	\$22,107.50	\$265,290.00	0.34%	0.34%
1,250,000	\$27,407.50	\$328,890.00	\$27,482.50	\$329,790.00	0.27%	0.27%

LVI-NNG Flex Transport (Cust "G")

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$995.00	\$11,940.00	\$1,045.00	\$12,540.00	5.03%
50,000	\$1,745.00	\$20,940.00	\$1,795.00	\$21,540.00	2.87%	2.87%
100,000	\$3,245.00	\$38,940.00	\$3,295.00	\$39,540.00	1.54%	1.54%
250,000	\$7,745.00	\$92,940.00	\$7,795.00	\$93,540.00	0.65%	0.65%
400,000	\$12,245.00	\$146,940.00	\$12,295.00	\$147,540.00	0.41%	0.41%
500,000	\$15,245.00	\$182,940.00	\$15,295.00	\$183,540.00	0.33%	0.33%
600,000	\$18,245.00	\$218,940.00	\$18,295.00	\$219,540.00	0.27%	0.27%
750,000	\$22,745.00	\$272,940.00	\$22,795.00	\$273,540.00	0.22%	0.22%
1,000,000	\$30,245.00	\$362,940.00	\$30,295.00	\$363,540.00	0.17%	0.17%
1,250,000	\$37,745.00	\$452,940.00	\$37,795.00	\$453,540.00	0.13%	0.13%

SVI-CONSOLIDATED Transport

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$273.24	\$3,278.82	\$320.24	\$3,962.88	20.86%
1,000	\$326.47	\$3,917.64	\$385.48	\$4,625.76	18.08%	18.08%
1,500	\$379.71	\$4,556.46	\$440.72	\$5,288.64	16.07%	16.07%
2,000	\$432.94	\$5,195.28	\$495.96	\$5,951.52	14.56%	14.56%
3,000	\$539.41	\$6,472.32	\$606.44	\$7,277.28	12.43%	12.43%
5,000	\$752.35	\$9,028.20	\$827.40	\$9,928.80	9.98%	9.98%
6,000	\$858.82	\$10,305.84	\$937.88	\$11,254.56	9.21%	9.21%
7,500	\$1,018.53	\$12,222.30	\$1,103.60	\$13,243.20	8.35%	8.35%
9,000	\$1,178.23	\$14,138.76	\$1,269.32	\$15,231.84	7.73%	7.73%
10,000	\$1,284.70	\$15,416.40	\$1,379.80	\$16,557.60	7.40%	7.40%

LVI-CONSOLIDATED Transport

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,137.00	\$13,644.00	\$1,508.50	\$18,102.00	32.67%
50,000	\$2,029.00	\$24,348.00	\$2,722.00	\$32,664.00	34.15%	34.15%
100,000	\$3,813.00	\$45,756.00	\$5,149.00	\$61,788.00	35.04%	35.04%
250,000	\$9,165.00	\$109,980.00	\$12,430.00	\$149,160.00	35.62%	35.62%
400,000	\$14,517.00	\$174,204.00	\$19,711.00	\$236,532.00	35.78%	35.78%
500,000	\$18,085.00	\$217,020.00	\$24,565.00	\$294,780.00	35.83%	35.83%
600,000	\$21,653.00	\$259,836.00	\$29,419.00	\$353,028.00	35.87%	35.87%
750,000	\$27,005.00	\$324,060.00	\$36,700.00	\$440,400.00	35.90%	35.90%
1,000,000	\$35,925.00	\$431,100.00	\$48,835.00	\$586,020.00	35.94%	35.94%
1,250,000	\$44,845.00	\$538,140.00	\$60,970.00	\$731,640.00	35.96%	35.96%

SVJ-CONSOLIDATED Transport

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$416.30	\$4,995.54	\$485.74	\$5,828.88	16.68%
1,000	\$469.53	\$5,634.36	\$540.98	\$6,491.76	15.22%	15.22%
1,500	\$522.77	\$6,273.18	\$596.22	\$7,154.64	14.05%	14.05%
2,000	\$576.00	\$6,912.00	\$651.46	\$7,817.52	13.10%	13.10%
3,000	\$682.47	\$8,189.64	\$761.94	\$9,143.28	11.64%	11.64%
5,000	\$895.41	\$10,744.92	\$982.90	\$11,794.80	9.77%	9.77%
6,000	\$1,001.88	\$12,022.56	\$1,093.38	\$13,120.56	9.13%	9.13%
7,500	\$1,161.59	\$13,939.02	\$1,259.10	\$15,109.20	8.39%	8.39%
9,000	\$1,321.29	\$15,855.48	\$1,424.82	\$17,097.84	7.84%	7.84%
10,000	\$1,427.76	\$17,133.12	\$1,535.30	\$18,423.60	7.53%	7.53%

LVJ-CONSOLIDATED Transport

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,551.23	\$18,614.76	\$1,958.75	\$23,505.00	26.27%
50,000	\$2,443.23	\$29,318.76	\$3,172.25	\$38,067.00	29.84%	29.84%
100,000	\$4,227.23	\$50,726.76	\$5,599.25	\$67,191.00	32.46%	32.46%
250,000	\$9,579.23	\$114,950.76	\$12,880.25	\$154,563.00	34.46%	34.46%
400,000	\$14,931.23	\$179,174.76	\$20,161.25	\$241,935.00	35.03%	35.03%
500,000	\$18,499.23	\$221,990.76	\$25,015.25	\$300,183.00	35.22%	35.22%
600,000	\$22,067.23	\$264,806.76	\$29,869.25	\$358,431.00	35.36%	35.36%
750,000	\$27,419.23	\$329,030.76	\$37,150.25	\$445,803.00	35.49%	35.49%
1,000,000	\$36,339.23	\$436,070.76	\$49,285.25	\$591,423.00	35.63%	35.63%
1,250,000	\$45,259.23	\$543,110.76	\$61,420.25	\$737,043.00	35.71%	35.71%

MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (INCLUDING GAS COSTS)

SLVI-CONSOLIDATED Transport-CIP Exempt

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$795.00	\$9,540.00	\$885.00	\$10,620.00	11.32%
100,000	\$1,220.00	\$14,640.00	\$1,310.00	\$15,720.00	7.38%	7.38%
200,000	\$2,070.00	\$24,840.00	\$2,160.00	\$25,920.00	4.35%	4.35%
500,000	\$4,620.00	\$55,440.00	\$4,710.00	\$56,520.00	1.95%	1.95%
750,000	\$6,745.00	\$80,940.00	\$6,835.00	\$82,020.00	1.33%	1.33%
1,000,000	\$8,870.00	\$106,440.00	\$8,960.00	\$107,520.00	1.01%	1.01%
1,500,000	\$13,120.00	\$157,440.00	\$13,210.00	\$158,520.00	0.69%	0.69%
2,000,000	\$17,370.00	\$208,440.00	\$17,460.00	\$209,520.00	0.52%	0.52%
2,500,000	\$21,620.00	\$259,440.00	\$21,710.00	\$260,520.00	0.42%	0.42%
3,000,000	\$25,870.00	\$310,440.00	\$25,960.00	\$311,520.00	0.35%	0.35%

SLVI-CONSOLIDATED Transport-CIP Applicable

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$1,551.50	\$18,618.00	\$1,641.50	\$19,698.00	5.80%
100,000	\$2,733.00	\$32,796.00	\$2,823.00	\$33,876.00	3.29%	3.29%
200,000	\$5,096.00	\$61,152.00	\$5,186.00	\$62,232.00	1.77%	1.77%
500,000	\$12,185.00	\$146,220.00	\$12,275.00	\$147,300.00	0.74%	0.74%
750,000	\$18,092.50	\$217,110.00	\$18,182.50	\$218,190.00	0.50%	0.50%
1,000,000	\$24,000.00	\$288,000.00	\$24,090.00	\$289,080.00	0.38%	0.38%
1,500,000	\$35,815.00	\$429,780.00	\$35,905.00	\$430,860.00	0.25%	0.25%
2,000,000	\$47,630.00	\$571,560.00	\$47,720.00	\$572,640.00	0.19%	0.19%
2,500,000	\$59,445.00	\$713,340.00	\$59,535.00	\$714,420.00	0.15%	0.15%
3,000,000	\$71,260.00	\$855,120.00	\$71,350.00	\$856,200.00	0.13%	0.13%

MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)

MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %	MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %
<b>NNG SALES</b>					<b>NNG TRANSPORT</b>				
GS-NNG Residential Sales	\$44,765,111	\$54,076,204	\$9,311,093	20.8%	SVI-NNG Transport	\$238,829	\$251,561	\$12,732	5.3%
GS-NNG SC&I Sales	\$2,907,740	\$3,595,472	\$687,732	23.7%	LVI-NNG Transport - CIP Applicable	\$1,228,477	\$1,648,958	\$420,482	34.2%
GS-NNG LC&I Sales	\$14,354,264	\$15,212,102	\$857,838	6.0%	LVI-NNG Transport - CIP Exempt	429,997	513,337	\$83,340	19.4%
SVI-NNG Sales	\$1,973,184	\$2,082,630	\$109,446	5.5%	SVJ-NNG Transport	\$176,324	\$191,565	\$15,241	8.6%
LVI-NNG Sales	\$340,910	\$425,728	\$84,818	24.9%	LVJ-NNG Transport	\$585,392	\$766,087	\$180,695	30.9%
SVJ-NNG Sales	\$23,925	\$25,292	\$1,367	5.7%	SLVI-NNG Transport-CIP Exempt	\$767,652	\$780,882	\$13,230	1.7%
<b>CONSOLIDATED SALES</b>					<b>CONSOLIDATED TRANSPORT</b>				
GS-CONSOLIDATED Residential Sales	\$7,552,212	\$9,136,253	\$1,584,041	21.0%	Transport for Resale	\$15,311	\$15,911	\$600	3.9%
GS-CONSOLIDATED SC&I Sales	\$888,207	\$1,098,428	\$210,222	23.7%	LVJ-NNG Flex Transport (Cust "A")	\$126,666	\$128,466	\$1,800	1.4%
GS-CONSOLIDATED LC&I Sales	\$4,320,304	\$4,592,968	\$272,664	6.3%	LVI-NNG Flex Transport (Cust "B")	\$58,233	\$58,833	\$600	1.0%
SVI-CONSOLIDATED Sales	\$550,071	\$579,279	\$29,208	5.3%	LVI-NNG Flex Transport (Cust "C")	\$42,613	\$42,913	\$300	0.7%
LVI-CONSOLIDATED Sales	\$177,358	\$236,187	\$58,829	33.2%	LVI-NNG Flex Transport (Cust "D")	\$80,204	\$80,504	\$300	0.4%
SVJ-CONSOLIDATED Sales	\$40,965	\$43,370	\$2,405	5.9%	LVJ-NNG Flex Transport (Cust "E")	\$118,770	\$120,810	\$2,040	1.7%
					LVJ-NNG Flex Transport (Cust "F")	\$90,480	\$93,180	\$2,700	3.0%
					LVJ-NNG Flex Transport (Cust "G")	\$69,176	\$70,376	\$1,200	1.7%
					SVI-CONSOLIDATED Transport	\$286,985	\$307,697	\$20,712	7.2%
					LVI-CONSOLIDATED Transport	\$405,238	\$546,240	\$141,002	34.8%
					SVJ-CONSOLIDATED Transport	\$94,065	\$102,554	\$8,490	9.0%
					LVJ-CONSOLIDATED Transport	\$197,290	\$255,663	\$58,373	29.6%
					SLVI-CONSOLIDATED Transport-CIP Exempt	\$356,482	\$366,202	\$9,720	2.7%
					SLVI-CONSOLIDATED Transport-CIP Applicable	\$0	\$0	\$0	0.0%
<b>SALES TOTAL</b>	<b>\$77,894,250</b>	<b>\$91,103,913</b>	<b>\$13,209,663</b>	<b>17.0%</b>					
					<b>NNG TOTAL</b>	<b>\$68,905,225</b>	<b>\$80,697,099</b>	<b>\$11,791,875</b>	<b>17.1%</b>
					<b>CONSOLIDATED TOTAL</b>	<b>\$14,869,176</b>	<b>\$17,264,841</b>	<b>\$2,395,664</b>	<b>16.1%</b>
					<b>COMPANY TOTAL</b>	<b>\$83,774,401</b>	<b>\$97,961,940</b>	<b>\$14,187,539</b>	<b>16.9%</b>

Note: Base gas costs are included in both the Current Revenues and the Proposed Revenues above.



**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)**

**GS-NNG Residential Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	1,967,776	\$8.50	16,726,096	1,967,776	\$11.00	21,645,536	4,919,440	29.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	141,940,947	\$0.19754	28,039,015	141,940,947	\$0.22848	32,430,668	4,391,653	15.7%
Cost of Gas	141,940,947	\$0.00000	0	141,940,947	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>44,765,111</b>			<b>54,076,204</b>	<b>9,311,093</b>	<b>20.8%</b>

**GS-NNG SC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	99,950	\$14.50	1,449,275	99,950	\$18.00	1,799,100	349,825	24.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	7,872,955	\$0.18525	1,458,465	7,872,955	\$0.22817	1,796,372	337,907	23.2%
Cost of Gas	7,872,955	\$0.00000	0	7,872,955	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>2,907,740</b>			<b>3,595,472</b>	<b>687,732</b>	<b>23.7%</b>

**GS-NNG LC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	95,890	\$35.00	3,356,150	95,890	\$45.00	4,315,050	958,900	28.6%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	65,201,053	\$0.16868	10,998,114	65,201,053	\$0.16713	10,897,052	(101,062)	-0.9%
Cost of Gas	65,201,053	\$0.00000	0	65,201,053	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>14,354,264</b>			<b>15,212,102</b>	<b>857,838</b>	<b>6.0%</b>

**SVI-NNG Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	3,757	\$150.00	563,550	3,757	\$165.00	619,905	56,355	10.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	13,239,730	\$0.10647	1,409,634	13,239,730	\$0.11048	1,462,725	53,091	3.8%
Cost of Gas	13,239,730	\$0.00000	0	13,239,730	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>1,973,184</b>			<b>2,082,630</b>	<b>109,446</b>	<b>5.5%</b>

**LVI-NNG Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	717	\$175.00	125,475	717	\$185.00	132,645	7,170	5.7%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	6,037,976	\$0.03568	215,435	6,037,976	\$0.04854	293,083	77,648	36.0%
Cost of Gas	6,037,976	\$0.00000	0	6,037,976	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>340,910</b>			<b>425,728</b>	<b>84,818</b>	<b>24.9%</b>

**SVJ-NNG Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$150.00	5,400	36	\$165.00	5,940	540	10.0%
Daily Firm Capacity	11,400	\$0.23000	2,622	11,400	\$0.25000	2,850	228	8.7%
Dist. Per Therm	149,364	\$0.10647	15,903	149,364	\$0.11048	16,502	599	3.8%
Cost of Gas	149,364	\$0.00000	0	149,364	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>23,925</b>			<b>25,292</b>	<b>1,367</b>	<b>5.7%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION**  
**COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)**

**GS-CONSOLIDATED Residential Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	343,264	\$8.50	2,917,744	343,264	\$11.00	3,775,904	858,160	29.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	23,460,910	\$0.19754	4,634,468	23,460,910	\$0.22848	5,360,349	725,881	15.7%
Cost of Gas	23,460,910	\$0.00000	0	23,460,910	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>7,552,212</b>			<b>9,136,253</b>	<b>1,584,041</b>	<b>21.0%</b>

**GS-CONSOLIDATED SC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	31,562	\$14.50	457,649	31,562	\$18.00	568,116	110,467	24.1%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,324,198	\$0.18525	430,558	2,324,198	\$0.22817	530,312	99,755	23.2%
Cost of Gas	2,324,198	\$0.00000	0	2,324,198	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>888,207</b>			<b>1,098,428</b>	<b>210,222</b>	<b>23.7%</b>

**GS-CONSOLIDATED LC&I Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	30,263	\$35.00	1,059,205	30,263	\$45.00	1,361,835	302,630	28.6%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	19,333,053	\$0.16868	3,261,099	19,333,053	\$0.16713	3,231,133	(29,966)	-0.9%
Cost of Gas	19,333,053	\$0.00000	0	19,333,053	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>4,320,304</b>			<b>4,592,968</b>	<b>272,664</b>	<b>6.3%</b>

**SVI-CONSOLIDATED Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	908	\$150.00	136,200	908	\$165.00	149,820	13,620	10.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,887,208	\$0.10647	413,871	3,887,208	\$0.11048	429,459	15,588	3.8%
Cost of Gas	3,887,208	\$0.00000	0	3,887,208	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>550,071</b>			<b>579,279</b>	<b>29,208</b>	<b>5.3%</b>

**LVI-CONSOLIDATED Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	96	\$175.00	16,800	96	\$185.00	17,760	960	5.7%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	4,499,937	\$0.03568	160,558	4,499,937	\$0.04854	218,427	57,869	36.0%
Cost of Gas	4,499,937	\$0.00000	0	4,499,937	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>177,358</b>			<b>236,187</b>	<b>58,829</b>	<b>33.2%</b>

**SVJ-CONSOLIDATED Sales**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	60	\$150.00	9,000	60	\$165.00	9,900	900	10.0%
Daily Firm Capacity	26,520	\$0.23000	6,100	26,520	\$0.25000	6,630	530	8.7%
Dist. Per Therm	242,936	\$0.10647	25,865	242,936	\$0.11048	26,840	974	3.8%
Cost of Gas	242,936	\$0.00000	0	242,936	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>40,965</b>			<b>43,370</b>	<b>2,405</b>	<b>5.9%</b>



**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)**

**SVI-NNG Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	80	\$220.00	17,600	80	\$275.00	22,000	4,400	25.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,077,854	\$0.10647	221,229	2,077,854	\$0.11048	229,561	8,332	3.8%
Cost of Gas	2,077,854	\$0.00000	0	2,077,854	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>238,829</b>			<b>251,561</b>	<b>12,732</b>	<b>5.3%</b>

**LVI-NNG Transport - CIP Applicable**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	582	\$245.00	142,590	582	\$295.00	171,690	29,100	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	30,434,039	\$0.03568	1,085,887	30,434,039	\$0.04854	1,477,268	391,382	36.0%
Cost of Gas	30,434,039	\$0.00000	0	30,434,039	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>1,228,477</b>			<b>1,648,958</b>	<b>420,482</b>	<b>34.2%</b>

**LVI-NNG Transport - CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$245.00	5,880	24	\$295.00	7,080	1,200	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	20,638,293	\$0.02055	424,117	20,638,293	\$0.02453	506,257	82,140	19.4%
Cost of Gas	20,638,293	\$0.00000	0	20,638,293	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>429,997</b>			<b>513,337</b>	<b>83,340</b>	<b>19.4%</b>

**SVJ-NNG Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	154	\$220.00	33,880	154	\$275.00	42,350	8,470	25.0%
Daily Firm Capacity	123,990	\$0.23000	28,518	123,990	\$0.25000	30,998	2,480	8.7%
Dist. Per Therm	1,070,032	\$0.10647	113,926	1,070,032	\$0.11048	118,217	4,291	3.8%
Cost of Gas	1,070,032	\$0.00000	0	1,070,032	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>176,324</b>			<b>191,565</b>	<b>15,241</b>	<b>8.6%</b>

**LVJ-NNG Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	209	\$245.00	51,205	209	\$295.00	61,655	10,450	20.4%
Daily Firm Capacity	354,390	\$0.23000	81,510	354,390	\$0.25000	88,598	7,088	8.7%
Dist. Per Therm	12,687,154	\$0.03568	452,678	12,687,154	\$0.04854	615,834	163,157	36.0%
Cost of Gas	12,687,154	\$0.00000	0	12,687,154	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>585,392</b>			<b>766,087</b>	<b>180,695</b>	<b>30.9%</b>

**SLVI-NNG Transport-CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	147	\$370.00	54,390	147	\$460.00	67,620	13,230	24.3%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	169,824,292	\$0.00420	713,262	169,824,292	\$0.00420	713,262	0	0.0%
Cost of Gas	169,824,292	\$0.00000	0	169,824,292	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>767,652</b>			<b>780,882</b>	<b>13,230</b>	<b>1.7%</b>

**SLVI-NNG Transport-CIP Applicable**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$370.00	8,880	24	\$460.00	11,040	2,160	24.3%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	3,833,717	\$0.01933	74,106	3,833,717	\$0.01933	74,106	0	0.0%
Cost of Gas	3,833,717	\$0.00000	0	3,833,717	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>82,986</b>			<b>85,146</b>	<b>2,160</b>	<b>2.6%</b>

**SLVJ-NNG Transport-CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$370.00	8,880	24	\$460.00	11,040	2,160	24.3%
Daily Firm Capacity	4,094,400	\$0.06200	253,853	4,094,400	\$0.06200	253,853	0	0.0%
Dist. Per Therm	39,583,259	\$0.00420	166,250	39,583,259	\$0.00420	166,250	0	0.0%
Cost of Gas	39,583,259	\$0.00000	0	39,583,259	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>428,982</b>			<b>431,142</b>	<b>2,160</b>	<b>0.5%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION**  
**COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)**

**Transport for Resale**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	171,817	\$0.07200	12,371	171,817	\$0.07200	12,371	0	0.0%
Cost of Gas	171,817	\$0.00000	0	171,817	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>15,311</b>			<b>15,911</b>	<b>600</b>	<b>3.9%</b>

**LVJ-NNG Flex Transport (Cust "A")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	60,000	\$0.23000	13,800	60,000	\$0.25000	15,000	1,200	8.7%
Dist. Per Therm	5,599,894	\$0.01963	109,926	5,599,894	\$0.01963	109,926	0	0.0%
Cost of Gas	5,599,894	\$0.00000	0	5,599,894	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>126,666</b>			<b>128,466</b>	<b>1,800</b>	<b>1.4%</b>

**LVI-NNG Flex Transport (Cust "B")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	11,058,509	\$0.00500	55,293	11,058,509	\$0.00500	55,293	0	0.0%
Cost of Gas	11,058,509	\$0.00000	0	11,058,509	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>58,233</b>			<b>58,833</b>	<b>600</b>	<b>1.0%</b>

**LVI-NNG Flex Transport (Cust "C")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$245.00	1,470	6	\$295.00	1,770	300	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	5,877,578	\$0.00700	41,143	5,877,578	\$0.00700	41,143	0	0.0%
Cost of Gas	5,877,578	\$0.00000	0	5,877,578	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>42,613</b>			<b>42,913</b>	<b>300</b>	<b>0.7%</b>

**LVI-NNG Flex Transport (Cust "D")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	6	\$245.00	1,470	6	\$295.00	1,770	300	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	5,248,941	\$0.01500	78,734	5,248,941	\$0.01500	78,734	0	0.0%
Cost of Gas	5,248,941	\$0.00000	0	5,248,941	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>80,204</b>			<b>80,504</b>	<b>300</b>	<b>0.4%</b>

**LVJ-NNG Flex Transport (Cust "E")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	12	\$245.00	2,940	12	\$295.00	3,540	600	20.4%
Daily Firm Capacity	72,000	\$0.23000	16,560	72,000	\$0.25000	18,000	1,440	8.7%
Dist. Per Therm	6,618,017	\$0.01500	99,270	6,618,017	\$0.01500	99,270	0	0.0%
Cost of Gas	6,618,017	\$0.00000	0	6,618,017	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>118,770</b>			<b>120,810</b>	<b>2,040</b>	<b>1.7%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)**

**LVJ-NNG Flex Transport (Cust "F")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	36	\$245.00	8,820	36	\$295.00	10,620	1,800	20.4%
Daily Firm Capacity	45,000	\$0.23000	10,350	45,000	\$0.25000	11,250	900	8.7%
Dist. Per Therm	3,316,752	\$0.02150	71,310	3,316,752	\$0.02150	71,310	0	0.0%
Cost of Gas	3,316,752	\$0.00000	0	3,316,752	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>90,480</b>			<b>93,180</b>	<b>2,700</b>	<b>3.0%</b>

**LVI-NNG Flex Transport (Cust "G")**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	24	\$245.00	5,880	24	\$295.00	7,080	1,200	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,109,850	\$0.03000	63,296	2,109,850	\$0.03000	63,296	0	0.0%
Cost of Gas	2,109,850	\$0.00000	0	2,109,850	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>69,176</b>			<b>70,376</b>	<b>1,200</b>	<b>1.7%</b>

**SVI-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	212	\$220.00	46,640	212	\$275.00	58,300	11,660	25.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	2,257,399	\$0.10647	240,345	2,257,399	\$0.11048	249,397	9,052	3.8%
Cost of Gas	2,257,399	\$0.00000	0	2,257,399	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>286,985</b>			<b>307,697</b>	<b>20,712</b>	<b>7.2%</b>

**LVI-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	132	\$245.00	32,340	132	\$295.00	38,940	6,600	20.4%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	10,451,172	\$0.03568	372,898	10,451,172	\$0.04854	507,300	134,402	36.0%
Cost of Gas	10,451,172	\$0.00000	0	10,451,172	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>405,238</b>			<b>546,240</b>	<b>141,002</b>	<b>34.8%</b>

**SVJ-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	92	\$220.00	20,240	92	\$275.00	25,300	5,060	25.0%
Daily Firm Capacity	57,260	\$0.23000	13,170	57,260	\$0.25000	14,315	1,145	8.7%
Dist. Per Therm	569,689	\$0.10647	60,655	569,689	\$0.11048	62,939	2,284	3.8%
Cost of Gas	569,689	\$0.00000	0	569,689	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>94,065</b>			<b>102,554</b>	<b>8,490</b>	<b>9.0%</b>

**LVJ-CONSOLIDATED Transport**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	84	\$245.00	20,580	84	\$295.00	24,780	4,200	20.4%
Daily Firm Capacity	151,320	\$0.23000	34,804	151,320	\$0.25000	37,830	3,026	8.7%
Dist. Per Therm	3,977,197	\$0.03568	141,906	3,977,197	\$0.04854	193,053	51,147	36.0%
Cost of Gas	3,977,197	\$0.00000	0	3,977,197	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>197,290</b>			<b>255,663</b>	<b>58,373</b>	<b>29.6%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)**

**SLVI-CONSOLIDATED Transport-CIP Exempt**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	108	\$370.00	39,960	108	\$460.00	49,680	9,720	24.3%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	37,237,855	\$0.00850	316,522	37,237,855	\$0.00850	316,522	0	0.0%
Cost of Gas	37,237,855	\$0.00000	0	37,237,855	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>356,482</b>			<b>366,202</b>	<b>9,720</b>	<b>2.7%</b>

**SLVI-CONSOLIDATED Transport-CIP Applicable**

	Units	Current Rate	Current Revenue \$	Units	Proposed Rate	Proposed Revenue \$	Increase \$	Increase %
Fixed Monthly Charge	0	\$370.00	0	0	\$460.00	0	0	0.0%
Daily Firm Capacity	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
Dist. Per Therm	0	\$0.02363	0	0	\$0.02363	0	0	0.0%
Cost of Gas	0	\$0.00000	0	0	\$0.00000	0	0	0.0%
<b>TOTAL</b>			<b>0</b>			<b>0</b>	<b>0</b>	<b>0.0%</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (NOT INCLUDING GAS COSTS)**

**GS-NNG Residential Sales**

Monthly Therm Consumption	Bill Under Currents Rates		Bill Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$13.44	\$161.26	\$16.71	\$200.54	24.36%
30	\$14.43	\$173.11	\$17.85	\$214.25	23.76%	23.76%
45	\$17.39	\$208.67	\$21.28	\$255.38	22.38%	22.38%
60	\$20.35	\$244.23	\$24.71	\$296.51	21.40%	21.40%
75	\$23.32	\$279.79	\$28.14	\$337.63	20.66%	20.66%
100	\$28.25	\$339.05	\$33.85	\$406.18	19.80%	19.80%
125	\$33.19	\$398.31	\$39.56	\$474.72	19.18%	19.18%
150	\$38.13	\$457.57	\$45.27	\$543.26	18.73%	18.73%
200	\$48.01	\$576.10	\$56.70	\$680.35	18.10%	18.10%
250	\$57.89	\$694.62	\$68.12	\$817.44	17.68%	17.68%

**GS-NNG SC&I Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$19.13	\$229.58	\$23.70	\$284.45	23.90%
30	\$20.06	\$240.69	\$24.85	\$298.14	23.87%	23.87%
45	\$22.84	\$274.04	\$28.27	\$339.21	23.78%	23.78%
60	\$25.62	\$307.38	\$31.69	\$380.28	23.72%	23.72%
75	\$28.39	\$340.73	\$35.11	\$421.35	23.66%	23.66%
100	\$33.03	\$396.30	\$40.82	\$489.80	23.59%	23.59%
125	\$37.66	\$451.88	\$46.52	\$558.26	23.54%	23.54%
150	\$42.29	\$507.45	\$52.23	\$626.71	23.50%	23.50%
200	\$51.55	\$616.60	\$63.63	\$763.61	23.44%	23.44%
250	\$60.81	\$723.75	\$75.04	\$900.51	23.40%	23.40%

**GS-NNG LC&I Sales**

Monthly Therm Consumption	Bill Under Currents Rates		Bill Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50	\$43.43	\$521.21	\$53.36	\$640.28	22.85%
100	\$51.87	\$622.42	\$61.71	\$740.56	18.98%	18.98%
200	\$68.74	\$824.83	\$78.43	\$941.11	14.10%	14.10%
300	\$85.60	\$1,027.25	\$95.14	\$1,141.67	11.14%	11.14%
400	\$102.47	\$1,229.66	\$111.85	\$1,342.22	9.15%	9.15%
500	\$119.34	\$1,432.08	\$128.57	\$1,542.78	7.73%	7.73%
600	\$136.21	\$1,634.50	\$145.28	\$1,743.34	6.66%	6.66%
750	\$161.51	\$1,938.12	\$170.35	\$2,044.17	5.47%	5.47%
900	\$186.81	\$2,241.74	\$195.42	\$2,345.00	4.61%	4.61%
1,000	\$203.68	\$2,444.16	\$212.13	\$2,545.56	4.15%	4.15%

**SVI-NNG Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$203.24	\$2,438.82	\$220.24	\$2,642.88	8.37%
1,000	\$256.47	\$3,077.64	\$275.48	\$3,305.76	7.41%	7.41%
1,500	\$309.71	\$3,716.46	\$330.72	\$3,968.64	6.79%	6.79%
2,000	\$362.94	\$4,355.28	\$385.96	\$4,631.52	6.34%	6.34%
3,000	\$469.41	\$5,632.52	\$496.44	\$5,957.28	5.76%	5.76%
5,000	\$682.35	\$8,188.20	\$717.40	\$8,608.80	5.14%	5.14%
6,000	\$788.82	\$9,465.84	\$827.88	\$9,934.56	4.95%	4.95%
7,500	\$948.53	\$11,382.30	\$993.60	\$11,923.20	4.75%	4.75%
9,000	\$1,108.23	\$13,298.76	\$1,159.32	\$13,911.84	4.61%	4.61%
10,000	\$1,214.70	\$14,576.40	\$1,268.80	\$15,237.60	4.54%	4.54%

**LVI-NNG Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$192.84	\$2,314.08	\$209.27	\$2,511.24	8.52%
1,000	\$210.68	\$2,528.16	\$233.54	\$2,802.48	10.85%	10.85%
2,500	\$264.20	\$3,170.40	\$306.35	\$3,676.20	15.95%	15.95%
5,000	\$353.40	\$4,240.80	\$427.70	\$5,132.40	21.02%	21.02%
7,500	\$442.60	\$5,311.20	\$549.05	\$6,588.60	24.05%	24.05%
10,000	\$531.80	\$6,381.60	\$670.40	\$8,044.80	26.06%	26.06%
12,500	\$621.00	\$7,452.00	\$791.75	\$9,501.00	27.50%	27.50%
15,000	\$710.20	\$8,522.40	\$913.10	\$10,957.20	28.57%	28.57%
17,500	\$799.40	\$9,592.80	\$1,034.45	\$12,413.40	29.40%	29.40%
20,000	\$888.60	\$10,663.20	\$1,155.80	\$13,869.60	30.07%	30.07%

**SVJ-NNG Sales**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$276.15	\$3,313.74	\$293.15	\$3,517.80	6.16%
1,000	\$329.38	\$3,952.56	\$348.39	\$4,180.68	5.77%	5.77%
1,500	\$382.62	\$4,591.38	\$403.63	\$4,843.56	5.49%	5.49%
2,000	\$435.85	\$5,230.20	\$458.87	\$5,506.44	5.28%	5.28%
3,000	\$542.32	\$6,507.84	\$569.35	\$6,832.20	4.98%	4.98%
5,000	\$755.26	\$9,063.12	\$790.31	\$9,493.72	4.64%	4.64%
6,000	\$861.73	\$10,340.76	\$900.79	\$10,809.48	4.53%	4.53%
7,500	\$1,021.44	\$12,257.22	\$1,066.51	\$12,798.12	4.41%	4.41%
9,000	\$1,181.14	\$14,173.68	\$1,232.23	\$14,786.76	4.33%	4.33%
10,000	\$1,287.61	\$15,451.32	\$1,342.71	\$16,112.52	4.28%	4.28%

MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (NOT INCLUDING GAS COSTS)

GS-CONSOLIDATED Residential Sales

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$13.44	\$161.26	\$16.71	\$200.54	24.36%
30	\$14.43	\$173.11	\$17.85	\$214.25	23.76%	23.76%
45	\$17.39	\$208.67	\$21.28	\$255.38	22.38%	22.38%
60	\$20.35	\$244.23	\$24.71	\$296.51	21.40%	21.40%
75	\$23.32	\$279.79	\$28.14	\$337.63	20.66%	20.66%
100	\$28.25	\$339.05	\$33.85	\$406.18	19.80%	19.80%
125	\$33.19	\$398.31	\$39.56	\$474.72	19.18%	19.18%
150	\$38.13	\$457.57	\$45.27	\$543.26	18.73%	18.73%
200	\$48.01	\$576.10	\$56.70	\$680.35	18.10%	18.10%
250	\$57.89	\$694.62	\$68.12	\$817.44	17.68%	17.68%

GS-CONSOLIDATED SC&I Sales

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25	\$19.13	\$229.58	\$23.70	\$284.45	23.90%
30	\$20.06	\$240.69	\$24.85	\$298.14	23.87%	23.87%
45	\$22.84	\$274.04	\$28.27	\$339.21	23.78%	23.78%
60	\$25.62	\$307.38	\$31.69	\$380.28	23.72%	23.72%
75	\$28.39	\$340.73	\$35.11	\$421.35	23.66%	23.66%
100	\$33.03	\$396.30	\$40.82	\$489.80	23.59%	23.59%
125	\$37.66	\$451.88	\$46.52	\$558.26	23.54%	23.54%
150	\$42.29	\$507.45	\$52.23	\$626.71	23.50%	23.50%
200	\$51.55	\$618.60	\$63.63	\$763.61	23.44%	23.44%
250	\$60.81	\$729.75	\$75.04	\$900.51	23.40%	23.40%

GS-CONSOLIDATED LC&I Sales

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50	\$43.43	\$521.21	\$53.36	\$640.28	22.85%
100	\$51.87	\$622.42	\$61.71	\$740.56	18.98%	18.98%
200	\$68.74	\$824.83	\$78.43	\$941.11	14.10%	14.10%
300	\$85.60	\$1,027.25	\$95.14	\$1,141.67	11.14%	11.14%
400	\$102.47	\$1,229.66	\$111.85	\$1,342.22	9.15%	9.15%
500	\$119.34	\$1,432.08	\$128.57	\$1,542.78	7.73%	7.73%
600	\$136.21	\$1,634.50	\$145.28	\$1,743.34	6.66%	6.66%
750	\$161.51	\$1,938.12	\$170.35	\$2,044.17	5.47%	5.47%
900	\$186.81	\$2,241.74	\$195.42	\$2,345.00	4.61%	4.61%
1,000	\$203.68	\$2,444.16	\$212.13	\$2,545.56	4.15%	4.15%

SVI-CONSOLIDATED Sales

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$203.24	\$2,438.82	\$220.24	\$2,642.88	8.37%
1,000	\$256.47	\$3,077.64	\$275.48	\$3,305.76	7.41%	7.41%
1,500	\$309.71	\$3,716.46	\$330.72	\$3,968.64	6.79%	6.79%
2,000	\$362.94	\$4,355.28	\$385.96	\$4,631.52	6.34%	6.34%
3,000	\$469.41	\$5,632.52	\$496.44	\$5,957.28	5.76%	5.76%
5,000	\$682.35	\$8,188.20	\$717.40	\$8,608.80	5.14%	5.14%
6,000	\$788.82	\$9,465.84	\$827.88	\$9,934.56	4.95%	4.95%
7,500	\$948.53	\$11,382.30	\$993.60	\$11,923.20	4.75%	4.75%
9,000	\$1,108.23	\$13,298.76	\$1,159.32	\$13,911.84	4.61%	4.61%
10,000	\$1,214.70	\$14,576.40	\$1,268.80	\$15,237.60	4.54%	4.54%

LVI-CONSOLIDATED Sales

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$192.84	\$2,314.08	\$209.27	\$2,511.24	8.52%
1,000	\$210.68	\$2,528.16	\$233.54	\$2,802.48	10.85%	10.85%
2,500	\$264.20	\$3,170.40	\$306.35	\$3,676.20	15.95%	15.95%
5,000	\$353.40	\$4,240.80	\$427.70	\$5,132.40	21.02%	21.02%
7,500	\$442.60	\$5,311.20	\$549.05	\$6,588.60	24.05%	24.05%
10,000	\$531.80	\$6,381.60	\$670.40	\$8,044.80	26.06%	26.06%
12,500	\$621.00	\$7,452.00	\$791.75	\$9,501.00	27.50%	27.50%
15,000	\$710.20	\$8,522.40	\$913.10	\$10,957.20	28.57%	28.57%
17,500	\$799.40	\$9,592.80	\$1,034.45	\$12,413.40	29.40%	29.40%
20,000	\$888.60	\$10,663.20	\$1,155.80	\$13,869.60	30.07%	30.07%

SVJ-CONSOLIDATED Sales

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$304.90	\$3,658.74	\$330.74	\$3,968.88	8.48%
1,000	\$358.13	\$4,297.56	\$385.88	\$4,631.76	7.78%	7.78%
1,500	\$411.37	\$4,936.38	\$441.22	\$5,294.64	7.26%	7.26%
2,000	\$464.60	\$5,575.20	\$496.46	\$5,957.52	6.86%	6.86%
3,000	\$571.07	\$6,852.84	\$606.94	\$7,283.28	6.28%	6.28%
5,000	\$784.01	\$9,408.12	\$827.90	\$9,934.80	5.60%	5.60%
6,000	\$890.48	\$10,685.76	\$938.38	\$11,260.56	5.38%	5.38%
7,500	\$1,050.19	\$12,602.22	\$1,104.10	\$13,249.20	5.13%	5.13%
9,000	\$1,209.89	\$14,518.68	\$1,269.82	\$15,237.84	4.95%	4.95%
10,000	\$1,316.36	\$15,796.32	\$1,380.30	\$16,563.60	4.86%	4.86%

**MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (NOT INCLUDING GAS COSTS)**

**SVI-NNG Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$273.24	\$3,278.82	\$330.24	\$3,962.88	20.86%
1,000	\$326.47	\$3,917.64	\$385.48	\$4,625.76	18.08%	18.08%
1,500	\$379.71	\$4,556.46	\$440.72	\$5,288.64	16.07%	16.07%
2,000	\$432.94	\$5,195.28	\$495.96	\$5,951.52	14.56%	14.56%
3,000	\$539.41	\$6,472.32	\$606.44	\$7,277.28	12.43%	12.43%
5,000	\$752.35	\$9,028.20	\$827.40	\$9,928.80	9.98%	9.98%
6,000	\$858.82	\$10,305.84	\$937.88	\$11,254.56	9.21%	9.21%
7,500	\$1,018.53	\$12,222.30	\$1,103.60	\$13,243.20	8.35%	8.35%
9,000	\$1,178.23	\$14,138.76	\$1,269.32	\$15,231.84	7.73%	7.73%
10,000	\$1,284.70	\$15,416.40	\$1,379.80	\$16,557.60	7.40%	7.40%

**LVI-NNG Transport - CIP Applicable**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$262.84	\$3,154.08	\$319.27	\$3,831.24	21.47%
1,000	\$280.68	\$3,368.16	\$343.54	\$4,122.48	22.40%	22.40%
2,500	\$334.20	\$4,010.40	\$416.35	\$4,996.20	24.58%	24.58%
5,000	\$423.40	\$5,080.80	\$537.70	\$6,452.40	27.00%	27.00%
7,500	\$512.60	\$6,151.20	\$659.05	\$7,908.60	28.57%	28.57%
10,000	\$601.80	\$7,221.60	\$780.40	\$9,364.80	29.68%	29.68%
12,500	\$691.00	\$8,292.00	\$901.75	\$10,821.00	30.50%	30.50%
15,000	\$780.20	\$9,362.40	\$1,023.10	\$12,277.20	31.13%	31.13%
17,500	\$869.40	\$10,432.80	\$1,144.45	\$13,733.40	31.64%	31.64%
20,000	\$958.60	\$11,503.20	\$1,265.80	\$15,189.60	32.05%	32.05%

**LVI-NNG Transport - CIP Exempt**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$255.28	\$3,063.30	\$307.27	\$3,687.18	20.37%
1,000	\$265.55	\$3,186.60	\$319.53	\$3,834.36	20.33%	20.33%
2,500	\$296.38	\$3,556.50	\$356.33	\$4,275.90	20.23%	20.23%
5,000	\$347.75	\$4,173.00	\$417.65	\$5,011.80	20.10%	20.10%
7,500	\$399.13	\$4,789.50	\$478.98	\$5,747.70	20.01%	20.01%
10,000	\$450.50	\$5,406.00	\$540.30	\$6,483.60	19.93%	19.93%
12,500	\$501.88	\$6,022.50	\$601.63	\$7,219.50	19.88%	19.88%
15,000	\$553.25	\$6,639.00	\$662.95	\$7,955.40	19.83%	19.83%
17,500	\$604.63	\$7,255.50	\$724.28	\$8,691.30	19.79%	19.79%
20,000	\$656.00	\$7,872.00	\$785.60	\$9,427.20	19.76%	19.76%

**SVJ-NNG Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$458.39	\$5,500.62	\$531.49	\$6,377.88	15.95%
1,000	\$511.62	\$6,139.44	\$586.73	\$7,040.76	14.68%	14.68%
1,500	\$564.86	\$6,778.26	\$641.97	\$7,703.64	13.65%	13.65%
2,000	\$618.09	\$7,417.08	\$697.21	\$8,366.52	12.80%	12.80%
3,000	\$724.56	\$8,694.72	\$807.69	\$9,692.28	11.47%	11.47%
5,000	\$937.50	\$11,250.00	\$1,028.65	\$12,343.80	9.72%	9.72%
6,000	\$1,043.97	\$12,527.64	\$1,139.13	\$13,669.56	9.12%	9.12%
7,500	\$1,203.68	\$14,444.10	\$1,304.85	\$15,658.20	8.41%	8.41%
9,000	\$1,363.38	\$16,360.56	\$1,470.57	\$17,646.84	7.86%	7.86%
10,000	\$1,469.85	\$17,638.20	\$1,581.05	\$18,972.60	7.57%	7.57%

**LVJ-NNG Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$652.92	\$7,835.04	\$743.27	\$8,919.24	13.84%
1,000	\$670.76	\$8,049.12	\$767.54	\$9,210.48	14.43%	14.43%
2,500	\$724.28	\$8,691.36	\$840.35	\$10,084.20	16.03%	16.03%
5,000	\$813.48	\$9,761.76	\$961.70	\$11,540.40	18.22%	18.22%
7,500	\$902.68	\$10,832.16	\$1,083.05	\$12,996.60	19.98%	19.98%
10,000	\$991.88	\$11,902.56	\$1,204.40	\$14,452.80	21.43%	21.43%
12,500	\$1,081.08	\$12,972.96	\$1,325.75	\$15,909.00	22.63%	22.63%
15,000	\$1,170.28	\$14,043.36	\$1,447.10	\$17,365.20	23.65%	23.65%
17,500	\$1,259.48	\$15,113.76	\$1,568.45	\$18,821.40	24.53%	24.53%
20,000	\$1,348.68	\$16,184.16	\$1,689.80	\$20,277.60	25.29%	25.29%

**SLVI-NNG Transport-CIP Exempt**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$580.00	\$6,960.00	\$670.00	\$8,040.00	15.52%
100,000	\$790.00	\$9,480.00	\$880.00	\$10,560.00	11.39%	11.39%
200,000	\$1,210.00	\$14,520.00	\$1,300.00	\$15,600.00	7.44%	7.44%
500,000	\$2,470.00	\$29,640.00	\$2,560.00	\$30,720.00	3.64%	3.64%
750,000	\$3,520.00	\$42,240.00	\$3,610.00	\$43,320.00	2.56%	2.56%
1,000,000	\$4,570.00	\$54,840.00	\$4,660.00	\$55,920.00	1.97%	1.97%
1,500,000	\$6,670.00	\$80,040.00	\$6,760.00	\$81,120.00	1.35%	1.35%
2,000,000	\$8,770.00	\$105,240.00	\$8,860.00	\$106,320.00	1.03%	1.03%
2,500,000	\$10,870.00	\$130,440.00	\$10,960.00	\$131,520.00	0.83%	0.83%
3,000,000	\$12,970.00	\$155,640.00	\$13,060.00	\$156,720.00	0.69%	0.69%

**SLVI-NNG Transport-CIP Applicable**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$1,336.59	\$16,038.00	\$1,426.50	\$17,118.00	6.73%
100,000	\$2,303.00	\$27,636.00	\$2,393.00	\$28,716.00	3.91%	3.91%
200,000	\$4,236.00	\$50,832.00	\$4,326.00	\$51,912.00	2.12%	2.12%
500,000	\$10,035.00	\$120,420.00	\$10,125.00	\$121,500.00	0.90%	0.90%
750,000	\$14,867.50	\$178,410.00	\$14,957.50	\$179,490.00	0.61%	0.61%
1,000,000	\$19,700.00	\$236,400.00	\$19,790.00	\$237,480.00	0.46%	0.46%
1,500,000	\$29,365.00	\$352,380.00	\$29,455.00	\$353,460.00	0.31%	0.31%
2,000,000	\$39,030.00	\$468,360.00	\$39,120.00	\$469,440.00	0.23%	0.23%
2,500,000	\$48,695.00	\$584,340.00	\$48,785.00	\$585,420.00	0.18%	0.18%
3,000,000	\$58,360.00	\$700,320.00	\$58,450.00	\$701,400.00	0.15%	0.15%

**SLVJ-NNG Transport-CIP Exempt**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$11,157.20	\$133,896.40	\$11,247.20	\$134,966.40	0.81%
100,000	\$11,367.20	\$136,406.40	\$11,457.20	\$137,486.40	0.79%	0.79%
200,000	\$11,787.20	\$141,446.40	\$11,877.20	\$142,526.40	0.76%	0.76%
500,000	\$13,047.20	\$156,566.40	\$13,137.20	\$157,646.40	0.69%	0.69%
750,000	\$14,097.20	\$169,166.40	\$14,187.20	\$170,246.40	0.64%	0.64%
1,000,000	\$15,147.20	\$181,766.40	\$15,237.20	\$182,846.40	0.59%	0.59%
1,500,000	\$17,247.20	\$206,966.40	\$17,337.20	\$208,046.40	0.52%	0.52%
2,000,000	\$19,347.20	\$232,166.40	\$19,437.20	\$233,246.40	0.47%	0.47%
2,500,000	\$21,447.20	\$257,366.40	\$21,537.20	\$258,446.40	0.42%	0.42%
3,000,000	\$23,547.20	\$282,566.40	\$23,637.20	\$283,646.40	0.38%	0.38%

MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (NOT INCLUDING GAS COSTS)

Transport for Resale

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	1,000	\$317.00	\$3,804.00	\$367.00	\$4,404.00	15.77%
2,500	\$425.00	\$5,100.00	\$475.00	\$5,700.00	11.76%	11.76%
5,000	\$605.00	\$7,260.00	\$655.00	\$7,860.00	8.26%	8.26%
7,500	\$785.00	\$9,420.00	\$835.00	\$10,020.00	6.37%	6.37%
10,000	\$965.00	\$11,580.00	\$1,015.00	\$12,180.00	5.18%	5.18%
15,000	\$1,325.00	\$15,900.00	\$1,375.00	\$16,500.00	3.77%	3.77%
20,000	\$1,685.00	\$20,220.00	\$1,735.00	\$20,820.00	2.97%	2.97%
25,000	\$2,045.00	\$24,540.00	\$2,095.00	\$25,140.00	2.44%	2.44%
30,000	\$2,405.00	\$28,860.00	\$2,455.00	\$29,460.00	2.08%	2.08%
35,000	\$2,765.00	\$33,180.00	\$2,815.00	\$33,780.00	1.81%	1.81%

LVJ-NNG Flex Transport (Cust "A")

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,885.75	\$22,629.00	\$2,035.75	\$24,429.00	7.95%
50,000	\$2,376.50	\$28,518.00	\$2,526.50	\$30,318.00	6.31%	6.31%
100,000	\$3,358.00	\$40,296.00	\$3,508.00	\$42,096.00	4.47%	4.47%
250,000	\$6,302.50	\$75,630.00	\$6,452.50	\$77,430.00	2.38%	2.38%
400,000	\$9,247.00	\$110,964.00	\$9,397.00	\$112,764.00	1.62%	1.62%
500,000	\$11,210.00	\$134,520.00	\$11,360.00	\$136,320.00	1.34%	1.34%
600,000	\$13,173.00	\$158,076.00	\$13,323.00	\$159,876.00	1.14%	1.14%
750,000	\$16,117.50	\$193,410.00	\$16,267.50	\$195,210.00	0.93%	0.93%
1,000,000	\$21,025.00	\$252,300.00	\$21,175.00	\$254,100.00	0.71%	0.71%
1,250,000	\$25,932.50	\$311,190.00	\$26,082.50	\$312,990.00	0.58%	0.58%

LVI-NNG Flex Transport (Cust "B")

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$370.00	\$4,440.00	\$420.00	\$5,040.00	13.51%
50,000	\$495.00	\$5,940.00	\$545.00	\$6,540.00	10.10%	10.10%
100,000	\$745.00	\$8,940.00	\$795.00	\$9,540.00	6.71%	6.71%
250,000	\$1,495.00	\$17,940.00	\$1,545.00	\$18,540.00	3.34%	3.34%
400,000	\$2,245.00	\$26,940.00	\$2,295.00	\$27,540.00	2.23%	2.23%
500,000	\$2,745.00	\$32,940.00	\$2,795.00	\$33,540.00	1.82%	1.82%
600,000	\$3,245.00	\$38,940.00	\$3,295.00	\$39,540.00	1.54%	1.54%
750,000	\$3,995.00	\$47,940.00	\$4,045.00	\$48,540.00	1.25%	1.25%
1,000,000	\$5,245.00	\$62,940.00	\$5,295.00	\$63,540.00	0.95%	0.95%
1,250,000	\$6,495.00	\$77,940.00	\$6,545.00	\$78,540.00	0.77%	0.77%

LVI-NNG Flex Transport (Cust "C")

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$420.00	\$5,040.00	\$470.00	\$5,640.00	11.90%
50,000	\$595.00	\$7,140.00	\$645.00	\$7,740.00	8.40%	8.40%
100,000	\$945.00	\$11,340.00	\$995.00	\$11,940.00	5.29%	5.29%
250,000	\$1,995.00	\$23,940.00	\$2,045.00	\$24,540.00	2.51%	2.51%
400,000	\$3,045.00	\$36,540.00	\$3,095.00	\$37,140.00	1.64%	1.64%
500,000	\$3,745.00	\$44,940.00	\$3,795.00	\$45,540.00	1.34%	1.34%
600,000	\$4,445.00	\$53,340.00	\$4,495.00	\$53,940.00	1.12%	1.12%
750,000	\$5,495.00	\$65,940.00	\$5,545.00	\$66,540.00	0.91%	0.91%
1,000,000	\$7,245.00	\$86,940.00	\$7,295.00	\$87,540.00	0.69%	0.69%
1,250,000	\$8,995.00	\$107,940.00	\$9,045.00	\$108,540.00	0.56%	0.56%

LVI-NNG Flex Transport (Cust "D")

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$620.00	\$7,440.00	\$670.00	\$8,040.00	8.06%
50,000	\$995.00	\$11,940.00	\$1,045.00	\$12,540.00	5.03%	5.03%
100,000	\$1,745.00	\$20,940.00	\$1,795.00	\$21,540.00	2.87%	2.87%
250,000	\$3,995.00	\$47,940.00	\$4,045.00	\$48,540.00	1.25%	1.25%
400,000	\$6,245.00	\$74,940.00	\$6,295.00	\$75,540.00	0.80%	0.80%
500,000	\$7,745.00	\$92,940.00	\$7,795.00	\$93,540.00	0.65%	0.65%
600,000	\$9,245.00	\$110,940.00	\$9,295.00	\$111,540.00	0.54%	0.54%
750,000	\$11,495.00	\$137,940.00	\$11,545.00	\$138,540.00	0.43%	0.43%
1,000,000	\$15,245.00	\$182,940.00	\$15,295.00	\$183,540.00	0.33%	0.33%
1,250,000	\$18,995.00	\$227,940.00	\$19,045.00	\$228,540.00	0.26%	0.26%

LVJ-NNG Flex Transport (Cust "E")

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$2,000.00	\$24,000.00	\$2,170.00	\$26,040.00	8.50%
50,000	\$2,375.00	\$28,500.00	\$2,545.00	\$30,540.00	7.16%	7.16%
100,000	\$3,125.00	\$37,500.00	\$3,295.00	\$39,540.00	5.44%	5.44%
250,000	\$5,375.00	\$64,500.00	\$5,545.00	\$66,540.00	3.16%	3.16%
400,000	\$7,625.00	\$91,500.00	\$7,795.00	\$93,540.00	2.23%	2.23%
500,000	\$9,125.00	\$109,500.00	\$9,295.00	\$111,540.00	1.86%	1.86%
600,000	\$10,625.00	\$127,500.00	\$10,795.00	\$129,540.00	1.60%	1.60%
750,000	\$12,875.00	\$154,500.00	\$13,045.00	\$156,540.00	1.32%	1.32%
1,000,000	\$16,625.00	\$199,500.00	\$16,795.00	\$201,540.00	1.02%	1.02%
1,250,000	\$20,375.00	\$244,500.00	\$20,545.00	\$246,540.00	0.83%	0.83%



**MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (NOT INCLUDING GAS COSTS)**

**LVJ-NNG Flex Transport (Cust "F")**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,070.00	\$12,840.00	\$1,145.00	\$13,740.00	7.01%
50,000	\$1,607.50	\$19,290.00	\$1,682.50	\$20,190.00	4.67%	4.67%
100,000	\$2,682.50	\$32,190.00	\$2,757.50	\$33,090.00	2.80%	2.80%
250,000	\$5,907.50	\$70,890.00	\$5,982.50	\$71,790.00	1.27%	1.27%
400,000	\$9,132.50	\$109,590.00	\$9,207.50	\$110,490.00	0.82%	0.82%
500,000	\$11,282.50	\$135,390.00	\$11,357.50	\$136,290.00	0.66%	0.66%
600,000	\$13,432.50	\$161,190.00	\$13,507.50	\$162,090.00	0.56%	0.56%
750,000	\$16,657.50	\$199,890.00	\$16,732.50	\$200,790.00	0.45%	0.45%
1,000,000	\$22,032.50	\$264,390.00	\$22,107.50	\$265,290.00	0.34%	0.34%
1,250,000	\$27,407.50	\$328,890.00	\$27,482.50	\$329,790.00	0.27%	0.27%

**LVI-NNG Flex Transport (Cust "G")**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$995.00	\$11,940.00	\$1,045.00	\$12,540.00	5.03%
50,000	\$1,745.00	\$20,940.00	\$1,795.00	\$21,540.00	2.87%	2.87%
100,000	\$3,245.00	\$38,940.00	\$3,295.00	\$39,540.00	1.54%	1.54%
250,000	\$7,745.00	\$92,940.00	\$7,795.00	\$93,540.00	0.65%	0.65%
400,000	\$12,245.00	\$146,940.00	\$12,295.00	\$147,540.00	0.41%	0.41%
500,000	\$15,245.00	\$182,940.00	\$15,295.00	\$183,540.00	0.33%	0.33%
600,000	\$18,245.00	\$218,940.00	\$18,295.00	\$219,540.00	0.27%	0.27%
750,000	\$22,745.00	\$272,940.00	\$22,795.00	\$273,540.00	0.22%	0.22%
1,000,000	\$30,245.00	\$362,940.00	\$30,295.00	\$363,540.00	0.17%	0.17%
1,250,000	\$37,745.00	\$452,940.00	\$37,795.00	\$453,540.00	0.13%	0.13%

**SVI-CONSOLIDATED Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$273.24	\$3,278.82	\$320.24	\$3,962.88	20.86%
1,000	\$326.47	\$3,917.64	\$385.48	\$4,625.76	18.08%	18.08%
1,500	\$379.71	\$4,556.46	\$440.72	\$5,288.64	16.07%	16.07%
2,000	\$432.94	\$5,195.28	\$495.96	\$5,951.52	14.56%	14.56%
3,000	\$539.41	\$6,472.32	\$606.44	\$7,277.28	12.43%	12.43%
5,000	\$752.35	\$9,028.20	\$827.40	\$9,928.80	9.98%	9.98%
6,000	\$858.82	\$10,305.84	\$937.88	\$11,254.56	9.21%	9.21%
7,500	\$1,018.53	\$12,222.30	\$1,103.60	\$13,243.20	8.35%	8.35%
9,000	\$1,178.23	\$14,138.76	\$1,269.32	\$15,231.84	7.73%	7.73%
10,000	\$1,284.70	\$15,416.40	\$1,379.80	\$16,557.60	7.40%	7.40%

**LVI-CONSOLIDATED Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,137.00	\$13,644.00	\$1,508.50	\$18,102.00	32.67%
50,000	\$2,029.00	\$24,348.00	\$2,722.00	\$32,664.00	34.15%	34.15%
100,000	\$3,813.00	\$45,756.00	\$5,149.00	\$61,788.00	35.04%	35.04%
250,000	\$9,165.00	\$109,980.00	\$12,430.00	\$149,160.00	35.62%	35.62%
400,000	\$14,517.00	\$174,204.00	\$19,711.00	\$236,532.00	35.78%	35.78%
500,000	\$18,085.00	\$217,020.00	\$24,565.00	\$294,780.00	35.83%	35.83%
600,000	\$21,653.00	\$259,836.00	\$29,419.00	\$353,028.00	35.87%	35.87%
750,000	\$27,005.00	\$324,060.00	\$36,700.00	\$440,400.00	35.90%	35.90%
1,000,000	\$35,925.00	\$431,100.00	\$48,835.00	\$586,020.00	35.94%	35.94%
1,250,000	\$44,845.00	\$538,140.00	\$60,970.00	\$731,640.00	35.96%	35.96%

**SVJ-CONSOLIDATED Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	500	\$416.30	\$4,995.54	\$485.74	\$5,828.88	16.68%
1,000	\$469.53	\$5,634.36	\$540.98	\$6,491.76	15.22%	15.22%
1,500	\$522.77	\$6,273.18	\$596.22	\$7,154.64	14.05%	14.05%
2,000	\$576.00	\$6,912.00	\$651.46	\$7,817.52	13.10%	13.10%
3,000	\$682.47	\$8,189.64	\$761.94	\$9,143.28	11.64%	11.64%
5,000	\$895.41	\$10,744.92	\$982.90	\$11,794.80	9.77%	9.77%
6,000	\$1,001.88	\$12,022.56	\$1,093.38	\$13,120.56	9.13%	9.13%
7,500	\$1,161.59	\$13,939.02	\$1,259.10	\$15,109.20	8.39%	8.39%
9,000	\$1,321.29	\$15,855.48	\$1,424.82	\$17,097.84	7.84%	7.84%
10,000	\$1,427.76	\$17,133.12	\$1,535.30	\$18,423.60	7.53%	7.53%

**LVJ-CONSOLIDATED Transport**

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	25,000	\$1,551.23	\$18,614.76	\$1,958.75	\$23,505.00	26.27%
50,000	\$2,443.23	\$29,318.76	\$3,172.25	\$38,067.00	29.84%	29.84%
100,000	\$4,227.23	\$50,726.76	\$5,599.25	\$67,191.00	32.46%	32.46%
250,000	\$9,579.23	\$114,950.76	\$12,880.25	\$154,563.00	34.46%	34.46%
400,000	\$14,931.23	\$179,174.76	\$20,161.25	\$241,935.00	35.03%	35.03%
500,000	\$18,499.23	\$221,990.76	\$25,015.25	\$300,183.00	35.22%	35.22%
600,000	\$22,067.23	\$264,806.76	\$29,869.25	\$358,431.00	35.36%	35.36%
750,000	\$27,419.23	\$329,030.76	\$37,150.25	\$445,803.00	35.49%	35.49%
1,000,000	\$36,339.23	\$436,070.76	\$49,285.25	\$591,423.00	35.63%	35.63%
1,250,000	\$45,259.23	\$543,110.76	\$61,420.25	\$737,043.00	35.71%	35.71%

MINNESOTA ENERGY RESOURCES CORPORATION  
 BILL COMPARISON (NOT INCLUDING GAS COSTS)

SLVI-CONSOLIDATED Transport-CIP Exempt

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$795.00	\$9,540.00	\$885.00	\$10,620.00	11.32%
100,000	\$1,220.00	\$14,640.00	\$1,310.00	\$15,720.00	7.38%	7.38%
200,000	\$2,070.00	\$24,840.00	\$2,160.00	\$25,920.00	4.35%	4.35%
500,000	\$4,620.00	\$55,440.00	\$4,710.00	\$56,520.00	1.95%	1.95%
750,000	\$6,745.00	\$80,940.00	\$6,835.00	\$82,020.00	1.33%	1.33%
1,000,000	\$8,870.00	\$106,440.00	\$8,960.00	\$107,520.00	1.01%	1.01%
1,500,000	\$13,120.00	\$157,440.00	\$13,210.00	\$158,520.00	0.69%	0.69%
2,000,000	\$17,370.00	\$208,440.00	\$17,460.00	\$209,520.00	0.52%	0.52%
2,500,000	\$21,620.00	\$259,440.00	\$21,710.00	\$260,520.00	0.42%	0.42%
3,000,000	\$25,870.00	\$310,440.00	\$25,960.00	\$311,520.00	0.35%	0.35%

SLVI-CONSOLIDATED Transport-CIP Applicable

Monthly Therm Consumption	Bills Under Current Rates		Bills Under Proposed Rates		Percent Change In Bill	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
	50,000	\$1,551.50	\$18,618.00	\$1,641.50	\$19,698.00	5.80%
100,000	\$2,733.00	\$32,796.00	\$2,823.00	\$33,876.00	3.29%	3.29%
200,000	\$5,096.00	\$61,152.00	\$5,186.00	\$62,232.00	1.77%	1.77%
500,000	\$12,185.00	\$146,220.00	\$12,275.00	\$147,300.00	0.74%	0.74%
750,000	\$18,092.50	\$217,110.00	\$18,182.50	\$218,190.00	0.50%	0.50%
1,000,000	\$24,000.00	\$288,000.00	\$24,090.00	\$289,080.00	0.38%	0.38%
1,500,000	\$35,815.00	\$429,780.00	\$35,905.00	\$430,860.00	0.25%	0.25%
2,000,000	\$47,630.00	\$571,560.00	\$47,720.00	\$572,640.00	0.19%	0.19%
2,500,000	\$59,445.00	\$713,340.00	\$59,535.00	\$714,420.00	0.15%	0.15%
3,000,000	\$71,260.00	\$855,120.00	\$71,350.00	\$856,200.00	0.13%	0.13%

**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF CURRENT & PROPOSED MONTHLY FIXED CHARGE AND DAILY FIRM CAPACITY REVENUE**

MERC Customer Class	Fixed Local Distribution Service		Enhanced Administration Service		Total Monthly Fixed Charge		Daily Firm Capacity	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
<b>NNG SALES</b>								
GS-NNG Residential Sales	\$16,726,096	\$21,645,536	\$0.00	\$0.00	\$16,726,096	\$21,645,536	\$0	\$0
GS-NNG SC&I Sales	\$1,449,275	\$1,799,100	\$0.00	\$0.00	\$1,449,275	\$1,799,100	\$0	\$0
GS-NNG LC&I Sales	\$3,356,150	\$4,315,050	\$0.00	\$0.00	\$3,356,150	\$4,315,050	\$0	\$0
SVI-NNG Sales	\$563,550	\$619,905	\$0.00	\$0.00	\$563,550	\$619,905	\$0	\$0
LVI-NNG Sales	\$125,475	\$132,645	\$0.00	\$0.00	\$125,475	\$132,645	\$0	\$0
SVJ-NNG Sales	\$5,400	\$5,940	\$0.00	\$0.00	\$5,400	\$5,940	\$2,622	\$2,850
<b>CONSOLIDATED SALES</b>								
GS-CONSOLIDATED Residential Sales	\$2,917,744	\$3,775,904	\$0.00	\$0.00	\$2,917,744	\$3,775,904	\$0	\$0
GS-CONSOLIDATED SC&I Sales	\$457,649	\$568,116	\$0.00	\$0.00	\$457,649	\$568,116	\$0	\$0
GS-CONSOLIDATED LC&I Sales	\$1,059,205	\$1,361,835	\$0.00	\$0.00	\$1,059,205	\$1,361,835	\$0	\$0
SVI-CONSOLIDATED Sales	\$136,200	\$149,820	\$0.00	\$0.00	\$136,200	\$149,820	\$0	\$0
LVI-CONSOLIDATED Sales	\$16,800	\$17,760	\$0.00	\$0.00	\$16,800	\$17,760	\$0	\$0
SVJ-CONSOLIDATED Sales	\$9,000	\$9,900	\$0.00	\$0.00	\$9,000	\$9,900	\$6,100	\$6,630
<b>NNG TRANSPORT</b>								
SVI-NNG Transport	\$12,000	\$13,200	\$5,600.00	\$8,800.00	\$17,600	\$22,000	\$0	\$0
LVI-NNG Transport - CIP Applicable	\$101,850	\$107,670	\$40,740.00	\$64,020.00	\$142,590	\$171,690	\$0	\$0
LVI-NNG Transport - CIP Exempt	\$4,200	\$4,440	\$1,680.00	\$2,640.00	\$5,880	\$7,080	\$0	\$0
SVJ-NNG Transport	\$23,100	\$25,410	\$10,780.00	\$16,940.00	\$33,880	\$42,350	\$28,518	\$30,998
LVJ-NNG Transport	\$36,575	\$38,665	\$14,630.00	\$22,990.00	\$51,205	\$61,655	\$81,510	\$88,598
SLVI-NNG Transport-CIP Exempt	\$44,100	\$51,450	\$10,290.00	\$16,170.00	\$54,390	\$67,620	\$0	\$0
SLVI-NNG Transport-CIP Applicable	\$7,200	\$8,400	\$1,680.00	\$2,640.00	\$8,880	\$11,040	\$0	\$0
SLVJ-NNG Transport-CIP Exempt	\$7,200	\$8,400	\$1,680.00	\$2,640.00	\$8,880	\$11,040	\$253,853	\$253,853
Transport for Resale	\$2,100	\$2,220	\$840.00	\$1,320.00	\$2,940	\$3,540	\$0	\$0
LVJ-NNG Flex Transport (Cust "A")	\$2,100	\$2,220	\$840.00	\$1,320.00	\$2,940	\$3,540	\$13,800	\$15,000
LVI-NNG Flex Transport (Cust "B")	\$2,100	\$2,220	\$840.00	\$1,320.00	\$2,940	\$3,540	\$0	\$0
LVI-NNG Flex Transport (Cust "C")	\$1,050	\$1,110	\$420.00	\$660.00	\$1,470	\$1,770	\$0	\$0
LVI-NNG Flex Transport (Cust "D")	\$1,050	\$1,110	\$420.00	\$660.00	\$1,470	\$1,770	\$0	\$0
LVJ-NNG Flex Transport (Cust "E")	\$2,100	\$2,220	\$840.00	\$1,320.00	\$2,940	\$3,540	\$16,560	\$18,000
LVJ-NNG Flex Transport (Cust "F")	\$6,300	\$6,660	\$2,520.00	\$3,960.00	\$8,820	\$10,620	\$10,350	\$11,250
LVI-NNG Flex Transport (Cust "G")	\$4,200	\$4,440	\$1,680.00	\$2,640.00	\$5,880	\$7,080	\$0	\$0
<b>CONSOLIDATED TRANSPORT</b>								
SVI-CONSOLIDATED Transport	\$31,800	\$34,980	\$14,840.00	\$23,320.00	\$46,640	\$58,300	\$0	\$0
LVI-CONSOLIDATED Transport	\$23,100	\$24,420	\$9,240.00	\$14,520.00	\$32,340	\$38,940	\$0	\$0
SVJ-CONSOLIDATED Transport	\$13,800	\$15,180	\$6,440.00	\$10,120.00	\$20,240	\$25,300	\$13,170	\$14,315
LVJ-CONSOLIDATED Transport	\$14,700	\$15,540	\$5,880.00	\$9,240.00	\$20,580	\$24,780	\$34,804	\$37,830
SLVI-CONSOLIDATED Transport-CIP Exempt	\$32,400	\$37,800	\$7,560.00	\$11,880.00	\$39,960	\$49,680	\$0	\$0
SLVI-CONSOLIDATED Transport-CIP Applicable	\$0	\$0	\$0.00	\$0.00	\$0	\$0	\$0	\$0
<b>SUB-TOTAL</b>	<b>\$27,195,569</b>	<b>\$34,809,266</b>	<b>\$139,440</b>	<b>\$219,120</b>	<b>\$27,335,009</b>	<b>\$35,028,386</b>	<b>\$461,285</b>	<b>\$479,323</b>

MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF CURRENT & PROPOSED PER THERM REVENUE

MERC Customer Class	Volumetric Local Distribution Service		Gas Supply Acquisition Service		Total Per Therm Rate	
	Current	Proposed	Current	Proposed	Current	Proposed
<b>NNG SALES</b>						
GS-NNG Residential Sales	\$28,039,015	\$32,430,668	\$0	\$0	\$28,039,015	\$32,430,668
GS-NNG SC&I Sales	\$1,458,465	\$1,796,372	\$0	\$0	\$1,458,465	\$1,796,372
GS-NNG LC&I Sales	\$10,998,114	\$10,897,052	\$0	\$0	\$10,998,114	\$10,897,052
SVI-NNG Sales	\$1,409,634	\$1,462,725	\$0	\$0	\$1,409,634	\$1,462,725
LVI-NNG Sales	\$215,435	\$293,083	\$0	\$0	\$215,435	\$293,083
SVJ-NNG Sales	\$15,903	\$16,502	\$0	\$0	\$15,903	\$16,502
<b>CONSOLIDATED SALES</b>						
GS-CONSOLIDATED Residential Sales	\$4,634,468	\$5,360,349	\$0	\$0	\$4,634,468	\$5,360,349
GS-CONSOLIDATED SC&I Sales	\$430,558	\$530,312	\$0	\$0	\$430,558	\$530,312
GS-CONSOLIDATED LC&I Sales	\$3,261,099	\$3,231,133	\$0	\$0	\$3,261,099	\$3,231,133
SVI-CONSOLIDATED Sales	\$413,871	\$429,459	\$0	\$0	\$413,871	\$429,459
LVI-CONSOLIDATED Sales	\$160,558	\$218,427	\$0	\$0	\$160,558	\$218,427
SVJ-CONSOLIDATED Sales	\$25,865	\$26,840	\$0	\$0	\$25,865	\$26,840
<b>NNG TRANSPORT</b>						
SVI-NNG Transport	\$221,229	\$229,561	\$0	\$0	\$221,229	\$229,561
LVI-NNG Transport - CIP Applicable	\$1,085,887	\$1,477,268	\$0	\$0	\$1,085,887	\$1,477,268
LVI-NNG Transport - CIP Exempt	\$424,117	\$506,257	\$0	\$0	\$424,117	\$506,257
SVJ-NNG Transport	\$113,926	\$118,217	\$0	\$0	\$113,926	\$118,217
LVJ-NNG Transport	\$452,678	\$615,834	\$0	\$0	\$452,678	\$615,834
SLVI-NNG Transport-CIP Exempt	\$713,262	\$713,262	\$0	\$0	\$713,262	\$713,262
SLVI-NNG Transport-CIP Applicable	\$74,106	\$74,106	\$0	\$0	\$74,106	\$74,106
SLVJ-NNG Transport-CIP Exempt	\$166,250	\$166,250	\$0	\$0	\$166,250	\$166,250
Transport for Resale	\$12,371	\$12,371	\$0	\$0	\$12,371	\$12,371
LVJ-NNG Flex Transport (Cust "A")	\$109,926	\$109,926	\$0	\$0	\$109,926	\$109,926
LVI-NNG Flex Transport (Cust "B")	\$55,293	\$55,293	\$0	\$0	\$55,293	\$55,293
LVI-NNG Flex Transport (Cust "C")	\$41,143	\$41,143	\$0	\$0	\$41,143	\$41,143
LVI-NNG Flex Transport (Cust "D")	\$78,734	\$78,734	\$0	\$0	\$78,734	\$78,734
LVJ-NNG Flex Transport (Cust "E")	\$99,270	\$99,270	\$0	\$0	\$99,270	\$99,270
LVJ-NNG Flex Transport (Cust "F")	\$71,310	\$71,310	\$0	\$0	\$71,310	\$71,310
LVI-NNG Flex Transport (Cust "G")	\$63,296	\$63,296	\$0	\$0	\$63,296	\$63,296
<b>CONSOLIDATED TRANSPORT</b>						
SVI-CONSOLIDATED Transport	\$240,345	\$249,397	\$0	\$0	\$240,345	\$249,397
LVI-CONSOLIDATED Transport	\$372,898	\$507,300	\$0	\$0	\$372,898	\$507,300
SVJ-CONSOLIDATED Transport	\$60,655	\$62,939	\$0	\$0	\$60,655	\$62,939
LVJ-CONSOLIDATED Transport	\$141,906	\$193,053	\$0	\$0	\$141,906	\$193,053
SLVI-CONSOLIDATED Transport-CIP Exempt	\$316,522	\$316,522	\$0	\$0	\$316,522	\$316,522
SLVI-CONSOLIDATED Transport-CIP Applicable	\$0	\$0	\$0	\$0	\$0	\$0
<b>SUB-TOTAL</b>	<b>\$55,978,107</b>	<b>\$62,454,231</b>	<b>\$0</b>	<b>\$0</b>	<b>\$55,978,107</b>	<b>\$62,454,231</b>

**MINNESOTA ENERGY RESOURCES CORPORATION  
BREAKPOINT ANALYSIS FOR PROPOSED RATES**

**NNG**

GS SC&I Cost @ 1,500 Therms	\$1,512.11
GS LC&I Cost @ 1,500 Therms	\$1,744.55
Difference	\$232.44
% Difference	15.37%

**CONSOLIDATED**

GS SC&I Cost @ 1,500 Therms	\$1,354.50
GS LC&I Cost @ 1,500 Therms	\$1,586.94
Difference	\$232.44
% Difference	17.16%



**MINNESOTA ENERGY RESOURCES CORPORATION**  
**COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (INCLUDING GAS COSTS)**

MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %
<b>RESIDENTIAL SALES</b>				
GS-NNG Residential Sales	\$135,025,359	\$144,336,452	\$9,311,093	6.9%
GS-CONSOLIDATED Residential Sales	\$20,005,967	\$21,590,008	\$1,584,041	7.9%
<b>Total</b>	<b>\$155,031,326</b>	<b>\$165,926,459</b>	<b>\$10,895,133</b>	<b>7.0%</b>
<b>SC&amp;I SALES</b>				
GS-NNG SC&I Sales	\$7,914,152	\$8,601,884	\$687,732	8.7%
GS-CONSOLIDATED SC&I Sales	\$2,121,961	\$2,332,182	\$210,222	9.9%
<b>Total</b>	<b>\$10,036,113</b>	<b>\$10,934,067</b>	<b>\$897,954</b>	<b>8.9%</b>
<b>LC&amp;I SALES</b>				
GS-NNG LC&I Sales	\$55,815,613	\$56,673,452	\$857,838	1.5%
GS-CONSOLIDATED LC&I Sales	\$14,582,869	\$14,855,533	\$272,664	1.9%
<b>Total</b>	<b>\$70,398,482</b>	<b>\$71,528,984</b>	<b>\$1,130,502</b>	<b>1.6%</b>
<b>SMALL VOLUME SALES AND TRANSPORT</b>				
SVI-NNG Sales	\$8,015,135	\$8,124,581	\$109,446	1.4%
SVI-CONSOLIDATED Sales	\$2,292,512	\$2,321,720	\$29,208	1.3%
SVJ-NNG Sales	\$92,087	\$93,454	\$1,367	1.5%
SVJ-CONSOLIDATED Sales	\$149,861	\$152,266	\$2,405	1.6%
SVI-NNG Transport	\$238,829	\$251,561	\$12,732	5.3%
SVI-CONSOLIDATED Transport	\$286,985	\$307,697	\$20,712	7.2%
SVJ-NNG Transport	\$176,324	\$191,565	\$15,241	8.6%
SVJ-CONSOLIDATED Transport	\$94,065	\$102,554	\$8,490	9.0%
Transport for Resale	\$15,311	\$15,911	\$600	3.9%
<b>Total</b>	<b>\$11,361,109</b>	<b>\$11,561,309</b>	<b>\$200,200</b>	<b>1.8%</b>
<b>LARGE VOLUME SALES AND TRANSPORT</b>				
LVI-NNG Sales	\$3,096,340	\$3,181,159	\$84,818	2.7%
LVI-CONSOLIDATED Sales	\$2,194,455	\$2,253,284	\$58,829	2.7%
LVI-NNG Transport - CIP Applicable	\$1,228,477	\$1,648,958	\$420,482	34.2%
LVI-NNG Transport - CIP Exempt	\$429,997	\$513,337	\$83,340	19.4%
LVI-CONSOLIDATED Transport	\$405,238	\$546,240	\$141,002	34.8%
LVJ-NNG Transport	\$585,392	\$766,087	\$180,695	30.9%
LVJ-CONSOLIDATED Transport	\$197,290	\$255,663	\$58,373	29.6%
LVJ-NNG Flex Transport (Cust "A")	\$126,666	\$128,466	\$1,800	1.4%
LVI-NNG Flex Transport (Cust "B")	\$58,233	\$58,833	\$600	1.0%
LVI-NNG Flex Transport (Cust "C")	\$42,613	\$42,913	\$300	0.7%
LVI-NNG Flex Transport (Cust "D")	\$80,204	\$80,504	\$300	0.4%
LVJ-NNG Flex Transport (Cust "E")	\$118,770	\$120,810	\$2,040	1.7%
LVJ-NNG Flex Transport (Cust "F")	\$90,480	\$93,180	\$2,700	3.0%
LVI-NNG Flex Transport (Cust "G")	\$69,176	\$70,376	\$1,200	1.7%
<b>Total</b>	<b>\$8,723,330</b>	<b>\$9,759,810</b>	<b>\$1,036,480</b>	<b>11.9%</b>
<b>SUPER LARGE VOLUME SALES AND TRANSPORT</b>				
SLVI-NNG Transport-CIP Exempt	\$767,652	\$780,882	\$13,230	1.7%
SLVI-CONSOLIDATED Transport-CIP Exempt	\$356,482	\$366,202	\$9,720	2.7%
SLVI-NNG Transport-CIP Applicable	\$82,986	\$85,146	\$2,160	2.6%
SLVI-CONSOLIDATED Transport-CIP Applicable	\$0	\$0	\$0	0.0%
SLVJ-NNG Transport-CIP Exempt	\$428,982	\$431,142	\$2,160	0.5%
<b>Total</b>	<b>\$1,636,102</b>	<b>\$1,663,372</b>	<b>\$27,270</b>	<b>1.7%</b>
<b>GRAND TOTAL</b>	<b>\$257,186,462</b>	<b>\$271,374,001</b>	<b>\$14,187,539</b>	<b>5.5%</b>

Note: Base gas costs are included in both the Current Revenues and the Proposed Revenues above.





**MINNESOTA ENERGY RESOURCES CORPORATION  
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED RATES (NOT INCLUDING GAS COSTS)**

MERC Customer Class	Current Revenue \$	Proposed Revenue \$	Increase \$	Increase %
<b>RESIDENTIAL SALES</b>				
GS-NNG Residential Sales	\$44,765,111	\$54,076,204	\$9,311,093	20.8%
GS-CONSOLIDATED Residential Sales	\$7,552,212	\$9,136,253	\$1,584,041	21.0%
<b>Total</b>	<b>\$52,317,323</b>	<b>\$63,212,456</b>	<b>\$10,895,133</b>	<b>20.8%</b>
<b>SC&amp;I SALES</b>				
GS-NNG SC&I Sales	\$2,907,740	\$3,595,472	\$687,732	23.7%
GS-CONSOLIDATED SC&I Sales	\$888,207	\$1,098,428	\$210,222	23.7%
<b>Total</b>	<b>\$3,795,947</b>	<b>\$4,693,900</b>	<b>\$897,954</b>	<b>23.7%</b>
<b>LC&amp;I SALES</b>				
GS-NNG LC&I Sales	\$14,354,264	\$15,212,102	\$857,838	6.0%
GS-CONSOLIDATED LC&I Sales	\$4,320,304	\$4,592,968	\$272,664	6.3%
<b>Total</b>	<b>\$18,674,568</b>	<b>\$19,805,070</b>	<b>\$1,130,502</b>	<b>6.1%</b>
<b>SMALL VOLUME SALES AND TRANSPORT</b>				
SVI-NNG Sales	\$1,973,184	\$2,082,630	\$109,446	5.5%
SVI-CONSOLIDATED Sales	\$550,071	\$579,279	\$29,208	5.3%
SVJ-NNG Sales	\$23,925	\$25,292	\$1,367	5.7%
SVJ-CONSOLIDATED Sales	\$40,965	\$43,370	\$2,405	5.9%
SVI-NNG Transport	\$238,829	\$251,561	\$12,732	5.3%
SVI-CONSOLIDATED Transport	\$286,985	\$307,697	\$20,712	7.2%
SVJ-NNG Transport	\$176,324	\$191,565	\$15,241	8.6%
SVJ-CONSOLIDATED Transport	\$94,065	\$102,554	\$8,490	9.0%
Transport for Resale	\$15,311	\$15,911	\$600	3.9%
<b>Total</b>	<b>\$3,399,659</b>	<b>\$3,599,859</b>	<b>\$200,200</b>	<b>5.9%</b>
<b>LARGE VOLUME SALES AND TRANSPORT</b>				
LVI-NNG Sales	\$340,910	\$425,728	\$84,818	24.9%
LVI-CONSOLIDATED Sales	\$177,358	\$236,187	\$58,829	33.2%
LVI-NNG Transport - CIP Applicable	\$1,228,477	\$1,648,958	\$420,482	34.2%
LVI-NNG Transport - CIP Exempt	\$429,997	\$513,337	\$83,340	19.4%
LVI-CONSOLIDATED Transport	\$405,238	\$546,240	\$141,002	34.8%
LVJ-NNG Transport	\$585,392	\$766,087	\$180,695	30.9%
LVJ-CONSOLIDATED Transport	\$197,290	\$255,663	\$58,373	29.6%
LVJ-NNG Flex Transport (Cust "A")	\$126,666	\$128,466	\$1,800	1.4%
LVI-NNG Flex Transport (Cust "B")	\$58,233	\$58,833	\$600	1.0%
LVI-NNG Flex Transport (Cust "C")	\$42,613	\$42,913	\$300	0.7%
LVI-NNG Flex Transport (Cust "D")	\$80,204	\$80,504	\$300	0.4%
LVJ-NNG Flex Transport (Cust "E")	\$118,770	\$120,810	\$2,040	1.7%
LVJ-NNG Flex Transport (Cust "F")	\$90,480	\$93,180	\$2,700	3.0%
LVI-NNG Flex Transport (Cust "G")	\$69,176	\$70,376	\$1,200	1.7%
<b>Total</b>	<b>\$3,950,803</b>	<b>\$4,987,282</b>	<b>\$1,036,480</b>	<b>26.2%</b>
<b>SUPER LARGE VOLUME SALES AND TRANSPORT</b>				
SLVI-NNG Transport-CIP Exempt	\$767,652	\$780,882	\$13,230	1.7%
SLVI-CONSOLIDATED Transport-CIP Exempt	\$356,482	\$366,202	\$9,720	2.7%
SLVI-NNG Transport-CIP Applicable	\$82,986	\$85,146	\$2,160	2.6%
SLVI-CONSOLIDATED Transport-CIP Applicable	\$0	\$0	\$0	0.0%
SLVJ-NNG Transport-CIP Exempt	\$428,982	\$431,142	\$2,160	0.5%
<b>Total</b>	<b>\$1,636,102</b>	<b>\$1,663,372</b>	<b>\$27,270</b>	<b>1.7%</b>
<b>GRAND TOTAL</b>	<b>\$83,774,401</b>	<b>\$97,961,940</b>	<b>\$14,187,539</b>	<b>16.9%</b>

Note: Base gas costs are not included in either the Current Revenues and the Proposed Revenues above.



MINNESOTA ENERGY RESOURCES CORPORATION  
ANNUAL UTILITY BILL FOR AVERAGE CUSTOMER ROUNDED TO NEAREST DOLLAR (INCLUDING GAS COSTS)

MERC Customer Class	Customer Count	Average Usage (therms)	Present Annual Bill \$	Proposed Annual Bill \$	Increase \$	Increase %
<b>RESIDENTIAL SALES</b>						
GS-NNG Residential Sales	163,981	866	\$823	\$880	\$57	6.9%
GS-CONSOLIDATED Residential Sales	28,605	820	\$699	\$755	\$55	7.9%
<b>Total Residential</b>	<b>192,586</b>	<b>859</b>	<b>\$ 805</b>	<b>\$ 862</b>	<b>\$ 57</b>	<b>7.0%</b>
<b>SC&amp;I SALES</b>						
GS-NNG SC&I Sales	8,329	945	\$950	\$1,033	\$83	8.7%
GS-CONSOLIDATED SC&I Sales	2,630	884	\$807	\$887	\$80	9.9%
<b>Total SC&amp;I</b>	<b>10,959</b>	<b>930</b>	<b>\$ 916</b>	<b>\$ 998</b>	<b>\$ 82</b>	<b>8.9%</b>
<b>LC&amp;I SALES</b>						
GS-NNG LC&I Sales	7,991	8,159	\$6,985	\$7,092	\$107	1.5%
GS-CONSOLIDATED LC&I Sales	2,522	7,666	\$5,782	\$5,890	\$108	1.9%
<b>Total LC&amp;I</b>	<b>10,513</b>	<b>8,041</b>	<b>\$ 6,696</b>	<b>\$ 6,804</b>	<b>\$ 108</b>	<b>1.6%</b>
<b>SMALL VOLUME SALES AND TRANSPORT</b>						
SVI-NNG Sales	313	42,288	\$25,607	\$25,957	\$350	1.4%
SVI-CONSOLIDATED Sales	76	51,373	\$30,165	\$30,549	\$384	1.3%
<b>Total SVI Sales</b>	<b>389</b>	<b>44,063</b>	<b>\$ 26,498</b>	<b>\$ 26,854</b>	<b>\$ 356</b>	<b>1.3%</b>
SVJ-NNG Sales	3	49,788	\$30,696	\$31,151	\$456	1.5%
SVJ-CONSOLIDATED Sales	5	48,587	\$29,972	\$30,453	\$481	1.6%
<b>Total SVJ Sales</b>	<b>8</b>	<b>49,037</b>	<b>\$ 30,244</b>	<b>\$ 30,715</b>	<b>\$ 471</b>	<b>1.6%</b>
SVI-NNG Transport	7	311,678	\$34,118	\$35,937	\$1,819	5.3%
SVI-CONSOLIDATED Transport	18	127,777	\$15,944	\$17,094	\$1,151	7.2%
<b>Total SVI Transport</b>	<b>25</b>	<b>179,269</b>	<b>\$ 21,033</b>	<b>\$ 22,370</b>	<b>\$ 1,338</b>	<b>6.4%</b>
SVJ-NNG Transport	13	83,379	\$13,563	\$14,736	\$1,172	8.6%
SVJ-CONSOLIDATED Transport	8	74,307	\$11,758	\$12,819	\$1,061	9.0%
<b>Total SVJ Transport</b>	<b>21</b>	<b>79,923</b>	<b>\$ 12,876</b>	<b>\$ 14,006</b>	<b>\$ 1,130</b>	<b>8.8%</b>
Transport for Resale	1	171,817	\$15,311	\$15,911	\$600	3.9%
<b>LARGE VOLUME SALES AND TRANSPORT</b>						
LVI-NNG Sales	60	101,054	\$51,606	\$53,019	\$1,414	2.7%
LVI-CONSOLIDATED Sales	8	562,492	\$274,307	\$281,660	\$7,354	2.7%
<b>Total LVI Sales</b>	<b>68</b>	<b>155,341</b>	<b>\$ 77,806</b>	<b>\$ 79,918</b>	<b>\$ 2,112</b>	<b>2.7%</b>
LVI-NNG Transport - CIP Applicable	49	627,506	\$25,071	\$33,652	\$8,581	34.2%
LVI-NNG Transport - CIP Exempt	2	10,319,147	\$214,998	\$256,669	\$41,670	19.4%
LVI-CONSOLIDATED Transport	11	950,107	\$36,840	\$49,658	\$12,818	34.8%
LVI-NNG Flex Transport (Cust "B")	1	11,058,509	\$58,233	\$58,833	\$600	1.0%
LVI-NNG Flex Transport (Cust "C")	1	11,755,156	\$42,613	\$42,913	\$300	0.7%
LVI-NNG Flex Transport (Cust "D")	1	10,497,882	\$80,204	\$80,504	\$300	0.4%
LVI-NNG Flex Transport (Cust "G")	2	1,054,925	\$34,588	\$35,188	\$600	1.7%
<b>Total LVI Transport</b>	<b>67</b>	<b>1,451,622</b>	<b>\$ 34,536</b>	<b>\$ 44,196</b>	<b>\$ 9,660</b>	<b>28.0%</b>
LVJ-NNG Transport	17	728,449	\$34,435	\$45,064	\$10,629	30.9%
LVJ-CONSOLIDATED Transport	7	568,171	\$28,184	\$36,523	\$8,339	29.6%
LVJ-NNG Flex Transport (Cust "A")	1	5,599,894	\$126,666	\$128,466	\$1,800	1.4%
LVJ-NNG Flex Transport (Cust "E")	1	6,618,017	\$118,770	\$120,810	\$2,040	1.7%
LVJ-NNG Flex Transport (Cust "F")	3	1,105,584	\$30,160	\$31,060	\$900	3.0%
<b>Total LVJ Transport</b>	<b>29</b>	<b>1,099,845</b>	<b>\$ 38,572</b>	<b>\$ 47,042</b>	<b>\$ 8,469</b>	<b>22.0%</b>
<b>SUPER LARGE VOLUME SALES AND TRANSPORT</b>						
SLVI-NNG Transport-CIP Exempt	12	13,863,208	\$63,971	\$65,074	\$1,103	1.7%
SLVI-CONSOLIDATED Transport-CIP Exempt	9	4,137,539	\$39,609	\$40,689	\$1,080	2.7%
SLVI-NNG Transport-CIP Applicable	2	1,916,859	\$41,493	\$42,573	\$1,080	2.6%
SLVI-CONSOLIDATED Transport-CIP Applicable	0	0	#DIV/0!	#DIV/0!	#DIV/0!	0.0%
<b>Total SLVI Transport</b>	<b>23</b>	<b>9,018,698</b>	<b>\$ 52,483</b>	<b>\$ 53,575</b>	<b>\$ 1,092</b>	<b>2.1%</b>
SLVJ-NNG Transport-CIP Exempt	2	19,791,630	\$214,491	\$215,571	\$1,080	0.5%

Note: Base gas costs are included in either the Current Revenues and the Proposed Revenues above.



MINNESOTA ENERGY RESOURCES CORPORATION  
ANNUAL UTILITY BILL FOR AVERAGE CUSTOMER ROUNDED TO NEAREST DOLLAR (NOT INCLUDING GAS COSTS)

MERC Customer Class	Customer Count	Average Usage (therms)	Present Annual Bill \$	Proposed Annual Bill \$	Increase \$	Increase %
<b>RESIDENTIAL SALES</b>						
GS-NNG Residential Sales	163,981	866	\$273	\$330	\$57	20.8%
GS-CONSOLIDATED Residential Sales	28,605	820	\$264	\$319	\$55	21.0%
<b>Total Residential</b>	<b>192,586</b>	<b>859</b>	<b>\$ 272</b>	<b>\$ 328</b>	<b>\$ 57</b>	<b>20.8%</b>
<b>SC&amp;I SALES</b>						
GS-NNG SC&I Sales	8,329	945	\$349	\$432	\$83	23.7%
GS-CONSOLIDATED SC&I Sales	2,630	884	\$338	\$418	\$80	23.7%
<b>Total SC&amp;I</b>	<b>10,959</b>	<b>930</b>	<b>\$ 346</b>	<b>\$ 428</b>	<b>\$ 82</b>	<b>23.7%</b>
<b>LC&amp;I SALES</b>						
GS-NNG LC&I Sales	7,991	8,159	\$1,796	\$1,904	\$107	6.0%
GS-CONSOLIDATED LC&I Sales	2,522	7,666	\$1,713	\$1,821	\$108	6.3%
<b>Total LC&amp;I</b>	<b>10,513</b>	<b>8,041</b>	<b>\$ 1,776</b>	<b>\$ 1,884</b>	<b>\$ 108</b>	<b>6.1%</b>
<b>SMALL VOLUME SALES AND TRANSPORT</b>						
SVI-NNG Sales	313	42,288	\$6,304	\$6,654	\$350	5.5%
SVI-CONSOLIDATED Sales	76	51,373	\$7,238	\$7,622	\$384	5.3%
<b>Total SVI Sales</b>	<b>389</b>	<b>44,063</b>	<b>\$ 6,487</b>	<b>\$ 6,843</b>	<b>\$ 356</b>	<b>5.5%</b>
SVJ-NNG Sales	3	49,788	\$7,975	\$8,431	\$456	5.7%
SVJ-CONSOLIDATED Sales	5	48,587	\$8,193	\$8,674	\$481	5.9%
<b>Total SVJ Sales</b>	<b>8</b>	<b>49,037</b>	<b>\$ 8,111</b>	<b>\$ 8,583</b>	<b>\$ 471</b>	<b>5.8%</b>
SVI-NNG Transport	7	311,678	\$34,118	\$35,937	\$1,819	5.3%
SVI-CONSOLIDATED Transport	18	127,777	\$15,944	\$17,094	\$1,151	7.2%
<b>Total SVI Transport</b>	<b>25</b>	<b>179,269</b>	<b>\$ 21,033</b>	<b>\$ 22,370</b>	<b>\$ 1,338</b>	<b>6.4%</b>
SVJ-NNG Transport	13	83,379	\$13,563	\$14,736	\$1,172	8.6%
SVJ-CONSOLIDATED Transport	8	74,307	\$11,758	\$12,819	\$1,061	9.0%
<b>Total SVJ Transport</b>	<b>21</b>	<b>79,923</b>	<b>\$ 12,876</b>	<b>\$ 14,006</b>	<b>\$ 1,130</b>	<b>8.8%</b>
Transport for Resale	1	171,817	\$15,311	\$15,911	\$600	3.9%
<b>LARGE VOLUME SALES AND TRANSPORT</b>						
LVI-NNG Sales	60	101,054	\$5,682	\$7,095	\$1,414	24.9%
LVI-CONSOLIDATED Sales	8	562,492	\$22,170	\$29,523	\$7,354	33.2%
<b>Total LVI Sales</b>	<b>68</b>	<b>155,341</b>	<b>\$ 7,622</b>	<b>\$ 9,734</b>	<b>\$ 2,112</b>	<b>27.7%</b>
LVI-NNG Transport - CIP Applicable	49	627,506	\$25,071	\$33,652	\$8,581	34.2%
LVI-NNG Transport - CIP Exempt	2	10,319,147	\$214,998	\$256,669	\$41,670	19.4%
LVI-CONSOLIDATED Transport	11	950,107	\$36,840	\$49,658	\$12,818	34.8%
LVI-NNG Flex Transport (Cust "B")	1	11,058,509	\$58,233	\$58,833	\$600	1.0%
LVI-NNG Flex Transport (Cust "C")	1	11,755,156	\$42,613	\$42,913	\$300	0.7%
LVI-NNG Flex Transport (Cust "D")	1	10,497,882	\$80,204	\$80,504	\$300	0.4%
LVI-NNG Flex Transport (Cust "G")	2	1,054,925	\$34,588	\$35,188	\$600	1.7%
<b>Total LVI Transport</b>	<b>67</b>	<b>1,451,622</b>	<b>\$ 34,536</b>	<b>\$ 44,196</b>	<b>\$ 9,660</b>	<b>28.0%</b>
LVJ-NNG Transport	17	728,449	\$34,435	\$45,064	\$10,629	30.9%
LVJ-CONSOLIDATED Transport	7	568,171	\$28,184	\$36,523	\$8,339	29.6%
LVJ-NNG Flex Transport (Cust "A")	1	5,599,894	\$126,666	\$128,466	\$1,800	1.4%
LVJ-NNG Flex Transport (Cust "E")	1	6,618,017	\$118,770	\$120,810	\$2,040	1.7%
LVJ-NNG Flex Transport (Cust "F")	3	1,105,584	\$30,160	\$31,060	\$900	3.0%
<b>Total LVJ Transport</b>	<b>29</b>	<b>1,099,845</b>	<b>\$ 38,572</b>	<b>\$ 47,042</b>	<b>\$ 8,469</b>	<b>22.0%</b>
<b>SUPER LARGE VOLUME SALES AND TRANSPORT</b>						
SLVI-NNG Transport-CIP Exempt	12	13,863,208	\$63,971	\$65,074	\$1,103	1.7%
SLVI-CONSOLIDATED Transport-CIP Exempt	9	4,137,539	\$39,609	\$40,689	\$1,080	2.7%
SLVI-NNG Transport-CIP Applicable	2	1,916,859	\$41,493	\$42,573	\$1,080	2.6%
SLVI-CONSOLIDATED Transport-CIP Applicable	0	0	#DIV/0!	#DIV/0!	#DIV/0!	0.0%
<b>Total SLVI Transport</b>	<b>23</b>	<b>9,018,698</b>	<b>\$ 52,483</b>	<b>\$ 53,575</b>	<b>\$ 1,092</b>	<b>2.1%</b>
SLVJ-NNG Transport-CIP Exempt	2	19,791,630	\$214,491	\$215,571	\$1,080	0.5%

Note: Base gas costs are NOT included in either the Current Revenues and the Proposed Revenues above.



MERC

ServiceChoice Allocation (using direct cost as common allocation factor)

2012 Data

	<u>Utility</u>	<u>Service- Choice</u>	<u>Total</u>
Total O&M	43,776,226	2,553,024	46,329,250
Plus: Service Choice Direct Labor in COGS	-	2,178,142	2,178,142
Less: Utility Bldg costs included above	(609,839)	(85,531)	(695,370)
Less: Utility Fleet costs included above	(1,346,069)	-	(1,346,069)
Less: Common Allocation included above	(3,297,264)	(462,444)	(3,759,708)
Less: Vertex Allocation included above	<u>(4,704,671)</u>	<u>(869,244)</u>	<u>(5,573,915)</u>
Direct Costs	<u>33,818,383</u>	<u>3,313,947</u>	<u>37,132,330</u>
Allocation percent of common expenses using direct cost allocation factor	91.1%	8.9%	100.0%
MERC allocation percent	87.7%	12.3%	100.0%