



Minnesota Energy Resources Corporation

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October 15, 2015

**VIA ELECTRONIC FILING**

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

Re: Supplemental Reply Comments, Rate Refund Compliance Filing  
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

Dear Mr. Wolf:

On October 7, 2015, the Department of Commerce, Division of Energy Resources ("Department") filed a letter in the above referenced docket stating that while it supports donations to the Minnesota HeatShare Program, Minnesota Energy Resources Corporation's ("MERC's") proposal to donate un-refunded interim rate refunds to a charitable cause is inconsistent with Minnesota Law. The Department recommended that the Minnesota Public Utilities Commission ("Commission") require MERC to turn over all un-refunded interim rate refunds to the State pursuant to Minn. Stat. Ch. 345. On October 9, 2015, the Minnesota Office of the Attorney General, Residential Utilities and Antitrust Division ("OAG") filed a letter in support of the Department's recommendations.

Minnesota Energy Resources Corporation ("MERC") thanks the Department for its review but believes the proposal to donate the un-refunded amount of \$11,886<sup>1</sup> to the Northern Division of the Minnesota HeatShare Program in accordance with MERC's September 29, 2015, Comments in this docket is consistent with Minn. Stat. Ch. 345 and past Commission practice. In the past, the Commission has approved the same treatment MERC proposes here. In addition to approving similar treatment in MERC's prior rate cases, the Commission approved similar treatment in Minnesota Power's 2008 rate case, Docket No. E015/GR-08-415.

The Commission's treatment of un-refunded amounts in Minnesota Power's 2008 rate case was similar to what had been approved in Minnesota Power's 1994 rate case, where the Commission had fully considered all available alternatives, including the

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<sup>1</sup> In its October 7, 2015, Letter, the Department states it is unclear why the Company's proposal to donate \$10,583 does not equal the \$11,886 in MERC's table and suggests the un-refunded amount should be equal to the amount of MERC's proposal. MERC agrees and proposes to refund the amount of \$11,886.

alternative of requiring Minnesota Power to treat the entire residual un-refunded amounts as abandoned property under the Uniform Disposition of Unclaimed Property Act. The Commission ultimately did not determine that such un-refunded amounts should be treated in accordance with Minn. Stat. Ch. 345 and instead authorized the donation of those amounts to the Salvation Army HeatShare. In Minnesota Power's 2008 case, the Commission approved a proposal under which residual un-refunded monies, including refunds due to former customers that Minnesota Power was unable to locate and former customers with refunds due that are less than \$2.00, were donated to the Salvation Army chapters in Minnesota Power's distribution area for use under the HeatShare Program. In the event that Minnesota Power issued a refund check and the check was not cashed, Minnesota Power treated the money as abandoned property under Minnesota Statute. Thus, the Commission has already fully considered the question of whether Minn. Stat. Ch. 345 requires treatment of residual un-refunded amounts as "abandoned property," and determined that such treatment was not required. MERC's proposed approach is thus consistent with past Commission Orders and with Minn. Stat. Ch. 345.

In the event the Commission determines that all un-refunded amounts, including refunds due to former customers that MERC is unable to locate and former customers due refunds less than \$2.00 must be treated as abandoned property under Minn. Stat. Ch. 345, the OAG has proposed a number of additional conditions it believes should apply, which are above and beyond what the statute requires. The OAG asserts these conditions would help to "reduce administrative burden on the Company while maximizing the ability of former MERC ratepayers to claim their interim rate refund." In particular, the OAG argues that MERC should: (1) include customer names, last-known addresses, and refund amounts when it sends the money to the Department's Unclaimed Property Division, (2) in future interim rate notices, include a statement informing customers of the Department's website for unclaimed property, and (3) request permission from the Department to waive the three-year holding period under Minn. Stat. § 345.39, subd. 1.

If the Commission determines the prior treatment of un-refunded interim rates was contrary to Minn. Stat. Ch. 345, MERC would not object to requesting permission from the Department to waive the three year holding period under Minn Stat. § 345.39, to the extent Minn. Stat. § 345.39 is applicable and utilizing a one-year holding period for all un-refunded amounts. MERC also would not object to inclusion of the Department's website for unclaimed property, [www.missingmoney.com](http://www.missingmoney.com), in future interim rate notices. MERC does, however, object to the OAG's proposal that MERC be required to include the names, last-known addresses, and refund amounts for all un-refunded amounts as the administrative burden of this would outweigh the benefit and as such requirement is inconsistent with Minn. Stat. Ch. 345. Minn. Stat. § 345.41 requires that the name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of any property of value of \$100 or more be reported to the Department. Items of value under \$100 may be reported in aggregate. Although Minn. Stat. § 345.41(b)(5) requires the reporting of "other information which the commissioner prescribes by rule as necessary for the administration of section 345.31 to 345.60," no rule expanding the reporting

requirements for property of value less than \$100 have been promulgated by the Department.

MERC agrees to the OAG's recommendation to provide additional detail in future interim rate refund proposals including a narrative describing the data provided to help regulators better understand MERC's proposal. MERC will also ensure that in the future, un-refunded amounts are in line with past refunds and that any significant discrepancy is fully evaluated to ensure the amount of the refund was calculated and issued correctly. With Vertex, the process of interim refunds has been a largely manual process to calculate the refunds, apply them to accounts, and merge to the billing system. Under the new Improved Customer Experience customer information system, we anticipate this process will be streamlined and automated, which will result in less opportunity for error. With respect to the current refund, aside from the calculation error in the overall interim rate refund, which MERC has properly corrected, MERC believes its proposal in this case for the treatment of un-refunded interim refund amounts is reasonable and consistent with applicable Minnesota law and with prior Commission decisions.

Please contact me at (920) 433-2926 if you have any questions.

Sincerely yours,

A handwritten signature in black ink that reads "Seth DeMerritt". The signature is written in a cursive, slightly slanted style.

Seth DeMerritt  
Rate Case Consultant

cc: Service List

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 15th day of October, 2015, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Comments on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 15th day of October, 2015.

/s/ Kristin M. Stastny  
Kristin M. Stastny

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