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June 8, 2018

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

VIA ELECTRONIC FILING

Re: In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a Natural Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs, Docket No. G011/M-18-182

Reply Comments of Minnesota Energy Resources Corporation

Dear Mr. Wolf:

On February 28, 2018, Minnesota Energy Resources Corporation ("MERC" or the "Company") filed a Petition in the above-referenced docket requesting approval to implement a per-therm surcharge of $0.00150 to recover the projected 2019 revenue deficiency related to the Rochester Natural Gas Extension Project (the "Rochester Project") through a Natural Gas Extension Project ("NGEP") cost rider.

On May 29, 2018, the Department of Commerce, Division of Energy Resources ("Department") submitted comments recommending that the Minnesota Public Utilities Commission ("Commission") authorize MERC to implement a 2019 NGEP rider, but at a surcharge of approximately one-third of MERC's proposed surcharge.[1] The Department raised the following four issues in reviewing MERC's petition:

1. Whether MERC's legal interpretation of the NGEP statute, Minn. Stat. § 216B.1638, subd. 3(c), is correct or otherwise barred;
2. Whether project contingency costs should be included in the surcharge calculation;
3. Whether revenues from contributions in aid of construction ("CIAC") should be calculated as an offset to the surcharge calculation; and
4. Whether MERC used the appropriate sales figures in its surcharge calculation.

Additionally, the Department recommends that the Commission modify its Order in Docket No. G011/M-15-895 so that MERC is not required to submit further applications to the

[1] Specifically, MERC requested a 2019 NGEP surcharge of $0.00150 per therm and the Department recommended a surcharge of $0.00049 per therm.

Destination Medical Center ("DMC") for work conducted in the DMC development districts given the current position of the DMC regarding the availability of funding for such projects.

MERC responds to each of these issues below.

NGEP Rider Statute

MERC submitted its Petition in this proceeding pursuant to Minn. Stat. § 216B.1638 (the "NGEP Rider Statute") and in accordance with the Commission's Order Approving Rochester Project and Granting Rider Recovery with Conditions in Docket No. G011/M-15-895 ("Order"). Contrary to the Department's assertions, neither the plain language of the NGEP Rider Statute nor the Commission's Order undermines MERC's interpretation as set forth in its Petition that the 33 percent statutory cap applies to the total Rochester Project costs rather than the annual incremental revenue requirement, as recommended by the Department.

The language of the NGEP Rider Statute with respect to the 33 percent cap provides that "[t]he commission must not approve a rider under this section that allows a utility to recover more than 33 percent of <u>the costs of a natural gas extension project</u>."[2] The statutory language is clear and unambiguous—the cap applies to the overall costs of the natural gas extension project, <u>not</u> to the annual revenue requirement calculation as proposed by the Department.[3] MERC calculated the 2019 NGEP surcharge in accordance with the plain language of the statute.

Further, the Commission's Order in Docket No. G011/M-15-895 does not support the Department's interpretation of the NGEP Rider Statute or the Department's conclusion that the Commission based its approval on such interpretation. In particular, the Commission's Order provides:

> MERC may recover up to 33 percent of its cost to upgrade the Rochester-area distribution system through an NGEP rider surcharge on all customers, with the remainder to be recovered through base rates. Recovery will be capped at the

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[2] Minn. Stat. § 216B.1638, subd 3(c).

[3] Under Minn. Stat. § 645.16, "[w]hen the words of a law in their application to an existing situation are clear and free from all ambiguity, the letter of the law shall not be disregarded under the pretext of pursuing the spirit." "The objective of statutory interpretation is to ascertain and effectuate the Legislature's intent. If the Legislature's intent is clear from the statute's plain and unambiguous language, then [a court] interpret[s] the statute according to its plain meaning without resorting to the canons of statutory construction." *State v. Rick*, 835 N.W.2d 478, 482 (Minn. 2013) (citation omitted). Even if the NGEP Rider Statute were ambiguous, the Department's interpretation would set poor policy and should be rejected as such. In particular, under the Department's interpretation, MERC would be obligated to file concurrent rate cases in order to recover costs for an NGEP, rendering the rider mechanism established by the legislature ineffective.

> Company's initial cost estimate of $44 million unless MERC can establish that the overruns are reasonable.[4]

The Department argues that its interpretation of the 33 percent statutory cap should be applied because "the Commission approved the NGEP Rider for the Rochester Project based on MERC's … representation that the 33 percent factor would be applied to the annual incremental revenue requirement."[5] But nothing in the Commission's Order in Docket No. G011/M-15-895 supports that conclusion. Indeed, the Commission's Order quotes the direct language of the statute, which expressly provides that the 33 percent cap applies to the "costs of the natural gas extension project."[6] The Commission's Order also explicitly states that "[t]he Company plans to recover 33 percent of Phase II costs through an NGEP rider, with the balance to be recovered in future rates."[7] Nothing in the Commission's Order supports the Department's assertion that the Commission understood its approval to be limited to 33 percent of the annual incremental revenue requirements for the Rochester Project. Rather, all discussion in the Order regarding the statutory 33 percent cap supports MERC's interpretation in its Petition that the cap applies to overall projects costs.[8]

MERC provided an example in its initial Petition in Docket No. G011/M-15-895 to illustrate how the NGEP Rider surcharge might be calculated and, as the Department points out, that calculation was based on 33 percent of the annual revenue requirement calculation.[9] However, the Company was also clear that it would file a future petition for NGEP Rider recovery and, ultimately, MERC's calculation and application of the 33 percent statutory cap in this Petition is consistent with both the unambiguous language of the NGEP Rider Statute and the Commission's Order in Docket No. G011/M-15-895. As a result, MERC concludes that the Commission should approve the Company's 2019 NGEP Rider surcharge without the Department's recommended adjustment related to the statutory 33 percent cap.

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[4] *In the Matter of a Petition by Minn. Energy Res. Corp. for Evaluation and Approval of Rider Recovery for its Rochester Nat. Gas Extension Project*, Docket No. G011/M-15-895, ORDER APPROVING ROCHESTER PROJECT AND GRANTING RIDER RECOVERY WITH CONDITIONS at 3 (May 5, 2017).
[5] Department Comments at 6.
[6] Order at 4 (citing Minn. Stat. § 216B.1638, subd 3(c)); *see also* Order at 10 ("The NGEP statute permits gas utilities to petition to recover up to 33 percent of the cost of a 'natural gas extension project' through a rider.").
[7] Order at 5; s*ee also* Order at 10 ("Under the Company's proposal, up to 33 percent of the Phase II upgrade costs would be recovered through an NGEP rider, with the remaining Phase II costs to be recovered in base rates.").
[8] *See generally In re Excelsior Energy, Inc.*, 782 N.W.2d 282, 296 (Minn. Ct. App. 2010) (stating that the Commission speaks only through its written orders) (citing Minn. Stat. § 216B.33).
[9] MERC also provided subsequent illustrations of the rider surcharge calculations during the discovery phase of the Rochester docket. *See* MERC's Response to Department Information Request No. 31, attached to this filing as Exhibit A.

Contributions-In-Aid-of-Construction

The Department also concludes that the NGEP Rider Statute's definition of "revenue deficiency" requires that any CIAC-related revenues MERC collects for extension projects in the area improved by an NGEP project be considered as a direct offset to the revenue deficiency.[10]

The Department acknowledges that this recommended treatment is "unusual compared to the typical treatment of CIACs" but nevertheless concludes that "the revenue deficiency definition in the NGEP Statute is clear that CIAC-related revenues are included in the calculation of the NGEP surcharge as an offset to the revenue deficiency."[11]

The Department's interpretation is contrary to other provisions of the NGEP Rider Statute. In particular, the statute defines "contribution in aid of construction" to mean "a monetary contribution, paid by a developer or local unit of government to a utility providing natural gas service to a community receiving that service as the result of a natural gas extension project, that reduces or offsets the difference between the total revenue requirement of the project and the revenue generated from the customers served by the project."[12] Under this definition, CIACs that serve to offset the total NGEP-eligible revenue deficiency are only those that are paid "by a developer or local unit of government . . . as a result of a natural gas extension project." The contribution must be paid and assessed as a result of the specific NGEP project. As the Department acknowledges, the CIACs MERC has collected are contributions that are calculated to cover the costs associated with system extensions to individual customers.[13] The Department's reliance on the statutory definition of "revenue deficiency" to the exclusion of the express statutory definition of "contribution in aid of construction" results in an incomplete analysis. Ultimately, the Department's recommended adjustment is unsupported by the plain language of the statute and should not be adopted.

Contingency Costs

The Department recommends that the NGEP Rider surcharge be calculated to exclude any contingency. According to the Department, "[i]ncluding contingency costs in the NGEP surcharge is inappropriate unless MERC demonstrates that the Company has already exceeded its initially proposed costs, and has done so in a reasonable manner that would warrant charging MERC's customers for the higher costs."[14] MERC accepts the Department's recommended adjustment, with the understanding that all actual capital and expense amounts incurred in 2019 will be subject to true-up through the rider true-up mechanism.

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[10] Department Comments at 12-13.
[11] Department Comments at 12.
[12] Minn. Stat. § 216B.1638, subd. 1(b).
[13] Department Comments at 11.
[14] Department Comments at 6.

Sales Forecast for Surcharge Calculation

The Department also concludes that MERC's proposed sales forecast used to calculate the NGEP surcharge rate should be revised. In particular, the Department recommends that the sales figure used for the NGEP calculation exclude MERC's Michigan Taconite mine sales "[s]ince MERC has not shown that the Michigan Taconite mine would be subject to paying the NGEP."[15] Further, the Department concludes that the forecast used to calculate the NGEP Rider surcharge should incorporate projected growth in the non-Rochester area; therefore the Department recommends that the Commission base the NGEP Rider sales on the Department's sales forecast in MERC's pending rate case, Docket No. G011/GR-17-563, adjusted for growth into calendar year 2019.[16] Alternatively, the Department concludes that the NGEP Rider surcharge could be calculated based on 2019 Minnesota jurisdictional sales (764,518,780 therms), as presented in the Company's pre-filed Forecasting Data in Docket No. G011/GR-17-563.[17]

MERC agrees the approved sales forecast should take into account forecasted 2019 growth, and whatever sales are approved in MERC's pending rate case should be used to calculate the rider surcharge, if timing allows. In the alternative, MERC agrees that the surcharge should be calculated using the 2019 sales presented in the Company's pre-filing in Docket No. G011/GR-17-563, with the final over- or under-recovery amount subject to true-up.

DMC Funding

Finally, with respect to DMC funding, the Department recommends:

> Given the DMCC's position, the Department recommends that the Commission reconsider the wording of its Order as it relates to the DMC funding. Specifically, Ordering Point No. 9.a, as shown above, is clear that MERC is required to apply for DMCC funding whenever the Company undertakes projects within the DMCC district. However, as noted in the Company's April 16, 2018, letter, it appears unlikely that MERC will be granted recovery through the DMCC fund either now or in the future. The position of the DMCC appears firm and calls into question whether repeated applications to the DMCC would be a prudent expenditure by MERC.
>
> Thus, the Department recommends that the Commission modify its order not to require MERC to submit an application to the DMC for all work conducted within the DMC district

[15] Department Comments at 8.
[16] Department Comments at 9.
[17] Department Comments at 9.

> given the current position of the DMCC. Although the Department is troubled by the DMCC's position, repeated requests would be an inefficient use of resources. The Department does, however, recommend that MERC continue to maintain conversations with the DMC to ascertain whether its position regarding infrastructure funding changes or evolves in the future. If the DMCC's position changes, it may be prudent for MERC to make future funding applications with the DMCC.[18]

MERC agrees with the Department's conclusion that based on the DMCC's response to MERC's requests for funding, the DMCC's position that MERC's natural gas infrastructure projects within the DMC development zones do not qualify for funding is firm. As a result, MERC agrees that it would not be prudent for the Company to expend additional resources (including the cost of application fees) to apply for funding to the DMCC. Further, MERC shares the Department's frustration with the DMCC's position regarding the availability of funding for important natural gas infrastructure projects and agrees with the Department's recommendation that the Commission modify its order not to require MERC to submit applications for future work within the DMC development districts but to require MERC to continue to maintain conversations with the DMC to ascertain whether its position regarding infrastructure funding changes or evolves in the future.

MERC thanks the Department for its thorough review of our rider petition. Please contact me at (651) 322-8965 if you have any questions regarding the information in this filing.

Sincerely,

/s/ Amber S. Lee

Amber S. Lee
Regulatory and Legislative Affairs Manager
Minnesota Energy Resources Corporation

cc: Service List
Enclosures

[18] Department Comments at 11.

State of Minnesota

Department of Commerce
Division of Energy Resources

Nonpublic [ ]
Public [X]

Utility Information Request

Docket Number: G011/M-15-895 Date of Request: 4/29/2016

Requested From: Minnesota Energy Resources Corporation Response Due: 5/11/2016

Analyst Requesting Information: Adam Heinen

Type of Inquiry:			
	[ ] Financial	[ ] Rate of Return	[ ] Rate Design
	[ ] Engineering	[ ] Forecasting	[ ] Conservation
	[ ] Cost of Service	[ ] CIP	[ ] Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
31	Subject: Allocation of Costs

Reference: Lee Direct, Page 26, Lines 12-20

The Company briefly describes its proposed allocation of costs for the proposed rider. Specifically, MERC states that it intends to allocate costs across all customers.

A. Please fully explain, and show in illustrative schedules similar to what were filed in the pending general rate case, how MERC intends to recover these costs from its ratepayers.

B. Please clarify whether the Company intends to allocate costs based on the revenue apportionment approved in the rate case, equally across all customers, or in some other manner.

If this information has already been provided in written comments or in response to an earlier DOC information request, please identify the specific comment cite(s) or DOC information request number(s).

Response by: Amber Lee

List sources of information:

Title: Regulatory and Leg. Affairs Mgr.

Department: Regulatory Affairs

Telephone: (651) 322-8965

MERC Response:

A. Under the rider proposal, all customer classes are contributing to the Phase II costs.

Please see Attachment_DOC_31.xlsx for a schedule showing potential rider allocation across customer classes. The Natural Gas Extension Project Rider statute, Minn. Stat. §216B.1638, authorizes recovery of up to 33 percent of the costs of a natural gas extension project and this attachment shows the range of possible rider impacts during the period 2017 through 2025, based on rider recovery of 33 percent of the project's annual revenue requirements versus rider recovery of 33 percent of total project costs. This attachment does not take into account any potential rate cases as the timing of rate cases, and allocation of costs within those rate case are unknown. For purposes of illustration only, Attachment_DOC_31 calculates the rider impact assuming MERC did not file a rate case during the period shown.

B. Please see MERC's response to Part A.

Response by: Amber Lee

Title: Regulatory and Leg. Affairs Mgr.

Department: Regulatory Affairs

Telephone: (651) 322-8965

List sources of information:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1/3 Revenue Requirement Rate			$ 0.00009	$ 0.00058	$ 0.00103	$ 0.00125	$ 0.00151	$ 0.00172	$ 0.00178	$ 0.00151	$ 0.00126
Total Project Cost Rate			$ 0.00027	$ 0.00175	$ 0.00313	$ 0.00379	$ 0.00457	$ 0.00522	$ 0.00062		

33% of Annual Revenue Requirement Bill Impact through 2025

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential	867	$ -	$ -	$ 0.08	$ 0.50	$ 0.89	$ 1.08	$ 1.31	$ 1.49	$ 1.54	$ 1.31	$ 1.09
GS Small C&I	1,015	$ -	$ -	$ 0.09	$ 0.59	$ 1.05	$ 1.27	$ 1.53	$ 1.75	$ 1.81	$ 1.53	$ 1.28
GS Large C&I	8,633	$ -	$ -	$ 0.78	$ 5.01	$ 8.89	$ 10.79	$ 13.04	$ 14.85	$ 15.37	$ 13.04	$ 10.88
Small Volume Interruptible Sales	53,503	$ -	$ -	$ 4.82	$ 31.03	$ 55.11	$ 66.88	$ 80.79	$ 92.03	$ 95.24	$ 80.79	$ 67.41
Small Volume Joint Sales	54,241	$ -	$ -	$ 4.88	$ 31.46	$ 55.87	$ 67.80	$ 81.90	$ 93.29	$ 96.55	$ 81.90	$ 68.34
Small Volume Interruptible Transport	130,459	$ -	$ -	$ 11.74	$ 75.67	$ 134.37	$ 163.07	$ 196.99	$ 224.39	$ 232.22	$ 196.99	$ 164.38
Small Volume Joint Transport	94,486	$ -	$ -	$ 8.50	$ 54.80	$ 97.32	$ 118.11	$ 142.67	$ 162.52	$ 168.19	$ 142.67	$ 119.05
Transportation for Resale	265,416	$ -	$ -	$ 23.89	$ 153.94	$ 273.38	$ 331.77	$ 400.78	$ 456.52	$ 472.44	$ 400.78	$ 334.42
Large Volume Interruptible Sales	227,533	$ -	$ -	$ 20.48	$ 131.97	$ 234.36	$ 284.42	$ 343.57	$ 391.36	$ 405.01	$ 343.57	$ 286.69
Large Volume Interruptible Transport	1,652,444	$ -	$ -	$ 148.72	$ 958.42	$ 1,702.02	$ 2,065.56	$ 2,495.19	$ 2,842.20	$ 2,941.35	$ 2,495.19	$ 2,082.08
Large Volume Joint Transport	1,336,714	$ -	$ -	$ 120.30	$ 775.29	$ 1,376.82	$ 1,670.89	$ 2,018.44	$ 2,299.15	$ 2,379.35	$ 2,018.44	$ 1,684.26
Super Large Volume Interruptible Transport	15,632,819	$ -	$ -	$ 1,406.95	$ 9,067.04	$ 16,101.80	$ 19,541.02	$ 23,605.56	$ 26,888.45	$ 27,826.42	$ 23,605.56	$ 19,697.35
Super Large Volume Joint Transport	5,808,885	$ -	$ -	$ 522.80	$ 3,369.15	$ 5,983.15	$ 7,261.11	$ 8,771.42	$ 9,991.28	$ 10,339.82	$ 8,771.42	$ 7,319.20

100% of Annual Revenue Requirement up to 33% of Total Project Cost Bill Impact through 2025

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential	867	$ -	$ -	$ 0.23	$ 1.52	$ 2.71	$ 3.29	$ 3.96	$ 4.53	$ 0.54	$ -	$ -
GS Small C&I	1,015	$ -	$ -	$ 0.27	$ 1.78	$ 3.18	$ 3.85	$ 4.64	$ 5.30	$ 0.63	$ -	$ -
GS Large C&I	8,633	$ -	$ -	$ 2.33	$ 15.11	$ 27.02	$ 32.72	$ 39.45	$ 45.06	$ 5.34	$ -	$ -
Small Volume Interruptible Sales	53,503	$ -	$ -	$ 14.45	$ 93.63	$ 167.46	$ 202.78	$ 244.51	$ 279.29	$ 33.06	$ -	$ -
Small Volume Joint Sales	54,241	$ -	$ -	$ 14.65	$ 94.92	$ 169.77	$ 205.57	$ 247.88	$ 283.14	$ 33.52	$ -	$ -
Small Volume Interruptible Transport	130,459	$ -	$ -	$ 35.22	$ 228.30	$ 408.34	$ 494.44	$ 596.20	$ 681.00	$ 80.62	$ -	$ -
Small Volume Joint Transport	94,486	$ -	$ -	$ 25.51	$ 165.35	$ 295.74	$ 358.10	$ 431.80	$ 493.22	$ 58.39	$ -	$ -
Transportation for Resale	265,416	$ -	$ -	$ 71.66	$ 464.48	$ 830.75	$ 1,005.93	$ 1,212.95	$ 1,385.47	$ 164.03	$ -	$ -
Large Volume Interruptible Sales	227,533	$ -	$ -	$ 61.43	$ 398.18	$ 712.18	$ 862.35	$ 1,039.83	$ 1,187.72	$ 140.62	$ -	$ -
Large Volume Interruptible Transport	1,652,444	$ -	$ -	$ 446.16	$ 2,891.78	$ 5,172.15	$ 6,262.76	$ 7,551.67	$ 8,625.76	$ 1,021.21	$ -	$ -
Large Volume Joint Transport	1,336,714	$ -	$ -	$ 360.91	$ 2,339.25	$ 4,183.91	$ 5,066.15	$ 6,108.78	$ 6,977.65	$ 826.09	$ -	$ -
Super Large Volume Interruptible Transport	15,632,819	$ -	$ -	$ 4,220.86	$ 27,357.43	$ 48,930.72	$ 59,248.38	$ 71,441.98	$ 81,603.32	$ 9,661.08	$ -	$ -
Super Large Volume Joint Transport	5,808,885	$ -	$ -	$ 1,568.40	$ 10,165.55	$ 18,181.81	$ 22,015.67	$ 26,546.60	$ 30,322.38	$ 3,589.89	$ -	$ -

33% of Annual Revenue Requirement Bill Impact Less 100% of Annual Revenue Requirement up to 33% of Total Project Cost Bill Impact

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential	$ -	$ -	$ (0.16)	$ (1.01)	$ (1.82)	$ (2.20)	$ (2.65)	$ (3.03)	$ 1.01	$ 1.31	$ 1.09
GS Small C&I	$ -	$ -	$ (0.18)	$ (1.19)	$ (2.13)	$ (2.58)	$ (3.11)	$ (3.55)	$ 1.18	$ 1.53	$ 1.28
GS Large C&I	$ -	$ -	$ (1.55)	$ (10.10)	$ (18.13)	$ (21.93)	$ (26.42)	$ (30.22)	$ 10.03	$ 13.04	$ 10.88
Small Volume Interruptible Sales	$ -	$ -	$ (9.63)	$ (62.60)	$ (112.36)	$ (135.90)	$ (163.72)	$ (187.26)	$ 62.17	$ 80.79	$ 67.41
Small Volume Joint Sales	$ -	$ -	$ (9.76)	$ (63.46)	$ (113.91)	$ (137.77)	$ (165.98)	$ (189.84)	$ 63.03	$ 81.90	$ 68.34
Small Volume Interruptible Transport	$ -	$ -	$ (23.48)	$ (152.64)	$ (273.96)	$ (331.37)	$ (399.20)	$ (456.61)	$ 151.59	$ 196.99	$ 164.38
Small Volume Joint Transport	$ -	$ -	$ (17.01)	$ (110.55)	$ (198.42)	$ (239.99)	$ (289.13)	$ (330.70)	$ 109.79	$ 142.67	$ 119.05
Transportation for Resale	$ -	$ -	$ (47.77)	$ (310.54)	$ (557.37)	$ (674.16)	$ (812.17)	$ (928.96)	$ 308.41	$ 400.78	$ 334.42
Large Volume Interruptible Sales	$ -	$ -	$ (40.96)	$ (266.21)	$ (477.82)	$ (577.93)	$ (696.25)	$ (796.37)	$ 264.39	$ 343.57	$ 286.69
Large Volume Interruptible Transport	$ -	$ -	$ (297.44)	$ (1,933.36)	$ (3,470.13)	$ (4,197.21)	$ (5,056.48)	$ (5,783.55)	$ 1,920.14	$ 2,495.19	$ 2,082.08
Large Volume Joint Transport	$ -	$ -	$ (240.61)	$ (1,563.96)	$ (2,807.10)	$ (3,395.25)	$ (4,090.34)	$ (4,678.50)	$ 1,553.26	$ 2,018.44	$ 1,684.26
Super Large Volume Interruptible Transport	$ -	$ -	$ (2,813.91)	$ (18,290.40)	$ (32,828.92)	$ (39,707.36)	$ (47,836.43)	$ (54,714.87)	$ 18,165.34	$ 23,605.56	$ 19,697.35
Super Large Volume Joint Transport	$ -	$ -	$ (1,045.60)	$ (6,796.40)	$ (12,198.66)	$ (14,754.57)	$ (17,775.19)	$ (20,331.10)	$ 6,749.92	$ 8,771.42	$ 7,319.20

Total MERC Minnesota (Calendar Annual Sales: Therms)

Year	Residential	SCI	LCI	Interruptible	Joint	Transport	Total
2015	184,857,746	16,277,661	94,911,212	38,868,666	435,507	420,478,597	755,829,389
2016	180,058,591	15,400,725	92,185,856	38,428,715	438,454	419,336,787	745,849,128
2017	181,355,952	15,390,801	91,884,493	38,267,272	438,872	420,181,708	747,519,098
2018	183,538,494	15,462,028	91,884,490	38,430,848	440,589	420,747,755	750,504,204
2019	185,831,010	15,536,790	91,884,490	38,520,214	442,409	421,050,270	753,265,183
2020	189,055,268	15,680,809	92,182,442	38,642,819	445,732	421,510,625	757,517,695
2021	190,720,756	15,692,795	91,884,490	38,837,621	446,151	421,725,375	759,307,188
2022	193,306,819	15,772,468	91,884,490	39,089,442	447,868	422,221,573	762,722,660
2023	195,980,466	15,852,578	91,884,490	39,324,772	449,687	422,686,511	766,178,504
2024	199,610,865	16,000,595	92,182,442	39,530,984	453,010	423,267,780	771,045,676
2025	201,571,550	16,011,644	91,884,490	39,670,451	453,429	423,376,934	772,968,498

Year	Project Cost Rider Rate
2015	
2016	
2017	$ 0.00027
2018	$ 0.00175
2019	$ 0.00313
2020	$ 0.00379
2021	$ 0.00457
2022	$ 0.00522
2023	$ 0.00062
2024	
2025	

Total MERC Minnesota Rider Revenues

Year	Residential	SCI	LCI	Interruptible	Joint	Transport	Total			
2015	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
2017	$ 48,966	$ 4,156	$ 24,809	$ 10,332	$ 118	$ 113,449	$ 201,830	$ 201,830		
2018	$ 321,192	$ 27,059	$ 160,798	$ 67,254	$ 771	$ 736,309	$1,313,382	$ 1,515,213		
2019	$ 581,651	$ 48,630	$ 287,598	$ 120,568	$1,385	$1,317,887	$2,357,720	$ 3,872,933		
2020	$ 716,519	$ 59,430	$ 349,371	$ 146,456	$1,689	$1,597,525	$2,870,992	$ 6,743,925		
2021	$ 871,594	$ 71,716	$ 419,912	$ 177,488	$2,039	$1,927,285	$3,470,034	$ 10,213,958		
2022	$ 1,009,062	$ 82,332	$ 479,637	$ 204,047	$2,338	$2,203,997	$3,981,412	$ 14,195,371	14,668,869	473,498
2023	$ 121,116	$ 9,797	$ 56,785	$ 24,303	$ 278	$ 261,220	$ 473,498	$ 14,668,869		
2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
2025	$ -	$ -	$ -	$ -	$ -	$ -	$ -			

*Sales and rider rates are from MERC's initial petition

Total MERC Minnesota (Calendar Annual Sales: Therms)

Year	Residential	SCI	LCI	Interruptible	Joint	Transport	Total
2015	184,857,746	16,277,661	94,911,212	38,868,666	435,507	420,478,597	755,829,389
2016	180,058,591	15,400,725	92,185,856	38,428,715	438,454	419,336,787	745,849,128
2017	181,355,952	15,390,801	91,884,493	38,267,272	438,872	420,181,708	747,519,098
2018	183,538,494	15,462,028	91,884,490	38,430,848	440,589	420,747,755	750,504,204
2019	185,831,010	15,536,790	91,884,490	38,520,214	442,409	421,050,270	753,265,183
2020	189,055,268	15,680,809	92,182,442	38,642,819	445,732	421,510,625	757,517,695
2021	190,720,756	15,692,795	91,884,490	38,837,621	446,151	421,725,375	759,307,188
2022	193,306,819	15,772,468	91,884,490	39,089,442	447,868	422,221,573	762,722,660
2023	195,980,466	15,852,578	91,884,490	39,324,772	449,687	422,686,511	766,178,504
2024	199,610,865	16,000,595	92,182,442	39,530,984	453,010	423,267,780	771,045,676
2025	201,571,550	16,011,644	91,884,490	39,670,451	453,429	423,376,934	772,968,498

Year	33% Rev Req. Rider Rate
2015	
2016	
2017	$ 0.00009
2018	$ 0.00058
2019	$ 0.00103
2020	$ 0.00125
2021	$ 0.00151
2022	$ 0.00172
2023	$ 0.00178
2024	$ 0.00151
2025	$ 0.00126

Total MERC Minnesota Rider Revenues

Year	Residential	SCI	LCI	Interruptible	Joint	Transport	Total
2015	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2017	$ 16,322	$ 1,385	$ 8,270	$ 3,444	$ 39	$ 37,816	$ 67,277
2018	$ 106,452	$ 8,968	$ 53,293	$ 22,290	$ 256	$ 244,034	$ 435,292
2019	$ 191,406	$ 16,003	$ 94,641	$ 39,676	$ 456	$ 433,682	$ 775,863
2020	$ 236,319	$ 19,601	$ 115,228	$ 48,304	$ 557	$ 526,888	$ 946,897
2021	$ 287,988	$ 23,696	$ 138,746	$ 58,645	$ 674	$ 636,805	$ 1,146,554
2022	$ 332,488	$ 27,129	$ 158,041	$ 67,234	$ 770	$ 726,221	$ 1,311,883
2023	$ 348,845	$ 28,218	$ 163,554	$ 69,998	$ 800	$ 752,382	$ 1,363,798
2024	$ 301,412	$ 24,161	$ 139,195	$ 59,692	$ 684	$ 639,134	$ 1,164,279
2025	$ 253,980	$ 20,175	$ 115,774	$ 49,985	$ 571	$ 533,455	$ 973,940

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a Gas Utility Infrastructure Cost Rider	Docket No. G011/M-18-182

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 8th of June, 2018, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Reply Comments on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 8th day of June, 2018.

/s/ Kristin M. Stastny
Kristin M. Stastny

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