



Minnesota Energy Resources Corporation

2665 145<sup>th</sup> Street West

Box 455

Rosemount, MN 55068-0455

August 25, 2014

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

**PUBLIC DOCUMENT-TRADE SECRET  
DATA HAS BEEN EXCISED**

RE: Revised Petition for Approval of Minnesota Energy Resources (MERC) 2013 Consolidated CIP Tracker Account, DSM Financial Incentive, and Conservation Cost Recovery Adjustment (CCRA)  
Docket No. G011/M-14-369

Dear Dr. Haar:

Enclosed please find the revised Petition of Minnesota Energy Resources Corporation (MERC) for Approval of its 2013 Conservation Improvement Program Tracker Accounts, DSM Financial Incentive, and Conservation Cost Recovery Adjustment (CCRA).

MERC originally submitted a Petition for Approval of its 2013 Consolidated CIP Tracker Account, DSM Financial Incentive, and CCRA on May 1, 2014. Since that time, the Department of Commerce, Division of Energy Resources (Department) has brought some inconsistencies with the Petition and calculations to MERC's attention. Therefore, MERC submits this corrected Petition and supporting attachments to address a number of corrections from MERC's originally filed petition. Specifically:

- The tracker account summaries on pages 4-5 of MERC's Petition did not include the correct information for the MERC-NMU and MERC-PNG tracker balance and carrying charge amounts. MERC has corrected these summary charts in the attached revised petition.
- MERC's DSM Financial Incentive calculation for 2013 used the incorrect inputs for average incentive per unit at 1.5% and incentive cap. MERC has corrected this calculation and is including a Revised Attachment B showing the calculation of MERC's 2013 DSM Financial Incentive.



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- Because MERC's DSM Financial Incentive is being updated, it is necessary to recalculate the proposed consolidated CCRA. MERC is including a Revised Attachment C to the revised petition.

Copies of this filing have been served on the Office of the Attorney General – Antitrust and Utilities Division. A summary of this filing has been served on all parties on the attached service list.

The nonpublic version of the filing contains trade secret information. Specifically, customer account information that is not generally known to, and not readily ascertainable by vendors and competitors of MERC, who could obtain economic value from its disclosure. MERC maintains this information as secret. Accordingly the attached document contains data which qualifies as "Trade Secret Data" pursuant to Minnesota Statutes Section 13.37 Subdivision 1(b).

Please direct any questions to me at 920-433-5763.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Phillippo".

Jim Phillippo  
Program Manager Energy Efficiency Programs  
Minnesota Energy Resources Corporation

cc: Service List

STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Petition of Minnesota  
Energy Resources Corporation for Approval of  
Consolidated Conservation Improvement  
Program Tracker Account, DSM Financial  
Incentive, and Conservation Cost Recovery  
Adjustment Factor

Docket No. G011/M-14-369

**REVISED PETITION FOR APPROVAL**

**INTRODUCTION**

Minnesota Energy Resources Corporation (“MERC” or the “Company”) submits this Revised Petition pursuant to the Minnesota Public Utilities Commission’s (“Commission”) ORDER ESTABLISHING UTILITY PERFORMANCE INCENTIVES FOR ENERGY CONSERVATION in Docket No. E,G-999/CI-08-133. In this filing, MERC seeks approval of a consolidated CIP tracker account balance and a DSM financial incentive for the period January 1, 2013, through December 31, 2013. MERC is also seeking Commission approval of a proposed consolidated Conservation Cost Recovery Adjustment (“CCRA”). MERC originally submitted its Petition for Approval on May 1, 2014 and is submitting this Revised Petition to reflect corrections to the DSM financial incentive and CCRA calculation. MERC filed its CIP Status Report covering the same period in Docket No. G011/CIP-12-548.01.

**I. Summary of Filing**

A one-paragraph summary of the filing accompanies this petition pursuant to Minn. R. 7829.1300, subp. 1.

**II. Service on Other Parties**

Pursuant to Minn. R. 7829.1300, subp. 2, MERC has served a copy of this petition on the Department of Commerce, Division of Energy Resources and the Office of the Attorney General, Antitrust and Utilities Division. A summary of this filing has been served on all parties on the attached service list.

**III. General Filing Information**

Pursuant to Minn. R. 7825.3200, 7825.3500, and 7829.1300, MERC provides the following information:

**A. Name, Address, and Telephone Number of Utility**

Minnesota Energy Resources Corporation  
2665 145th Street West  
Rosemount, MN 55068-0455  
(651) 322-8901

**B. Name, Address, and Telephone Number of Utility Attorney**

Michael J. Ahern  
Dorsey & Whitney LLP  
50 South Sixth Street, Suite 1500  
Minneapolis, MN 55402-1498  
(612) 340-2881

**C. Date of Filing and Proposed Effective Date**

MERC is submitting this revised filing on August 25, 2014. MERC proposes that the new consolidated CCRA be effective January 1, 2015.

**D. Statute Controlling Schedule for Processing the Filing**

Minn. Stat. § 216B.16, subd. 1, allows a utility to place a rate change into effect upon 60-days notice to the Commission, unless the Commission otherwise orders. Minn. Stat. § 216B.16, subd. 6b-6c further allows public utilities to file rate schedules providing for annual recovery of actual conservation costs and approved incentives. Under Minn. R. 7829.0100, subp. 11, this

Petition constitutes a miscellaneous filing because no determination of the Company's general revenue requirement is necessary. Minn. R. 7829.1400, subp. 1, permits initial comments on miscellaneous filings to be made within 30 days of filing with reply comments 10 days thereafter.

**E. Title of Utility Employee Responsible for the Filing**



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Jim Phillippo  
Program Manager Energy Efficiency Programs

**IV. Description and Purpose of Filing**

**A. Background**

In this Petition, MERC seeks the Commission's approval to consolidate its CIP trackers effective in 2014 and for approval of its CIP tracker account balances as of December 31, 2013. Additionally, MERC seeks Commission approval of a consolidated DSM financial incentive for 2013 in the amount of \$2,492,730. MERC also seeks the Commission's approval of a consolidated CCRA of \$0.00065 per therm, with a proposed effective date of January 1, 2015.

**B. 2013 Consolidated CIP Tracker Account**

In Docket No. G011/M-10-407, the Commission approved MERC-NMU's CIP tracker account with a balance of \$6,152,288 as of December 31, 2009. In Docket No. G011/M-10-407, the Commission approved MERC-PNG's CIP tracker account with a balance of \$6,152,288 as of December 31, 2009. On December 13, 2013, in Docket Nos. G-007/M-11-405, G-007/M-12-443, and G-007/M-13-370, the Commission approved MERC-NMU's 2010, 2011, and 2012 DSM financial incentives and MERC-NMU's 2012 CIP tracker account with a balance of \$3,835

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as of December 31, 2012. Also on December 13, 2013, in Docket Nos. G-011/M-11-407, G-011/M-12-444, and G-011/M-13-369 the Commission approved MERC-PNG's 2010, 2011, and 2012 DSM financial incentives and MERC-PNG's 2012 CIP tracker account with a balance of \$11,706,960 as of December 31, 2012.

In MERC's 2010 Rate Case, Docket No. G-007,011/GR-10-977, MERC proposed consolidation of its CIP for MERC-PNG and MERC-NMU including CCRC, CCRA, CIP tracker accounts, and DSM Financial Incentives. With this petition, MERC request approval of a Consolidated CIP Tracker. With the approval of this filing, any residual balance in the MERC-PNG and MERC-NMU CIP tracker accounts will be rolled into the Consolidated MERC CIP tracker account.

The tables below provide a summary of activities in the MERC-NMU, MERC-PNG, and consolidated CIP tracker accounts in 2013.

**MERC-NMU**

Beginning Balance – January 1, 2013	\$(73,608.52)
CIP Expenses – January 1, 2013 – December 31, 2013 <sup>1</sup>	-
Carrying Charges <sup>2</sup> - January 1, 2013 –December 31, 2013	\$(127,949.56)
DSM Financial Incentive	\$2,286,163.45
CIP Recoveries - January 1, 2013 –December 31, 2013	\$2,361,560.32
<b>Ending Balance – December 31, 2013</b>	<b>\$(276,954.96)</b>

<sup>1</sup> CIP expenses are allocated to the consolidated tracker account.

<sup>2</sup> In the Company's last rate case in Docket No. G007,011/GR-08-835, the Commission approved a carrying charge for the Company's CIP tracker account, excluding the financial incentives for the years 2005, 2006, and 2007, at the Company's overall rate of return, effective July 31, 2008.

**MERC-PNG**

Beginning Balance – January 1, 2013	\$11,706,959.43
CIP Expenses – January 1, 2013 – December 31, 2013 <sup>3</sup>	-
Carrying Charges - January 1, 2013 –December 31, 2013	\$512,831.95
DSM Financial Incentive	\$ 5,320,536.54
CIP Recoveries - January 1, 2013 –December 31, 2013	\$5,314,601.62
Credit for Prior Year Recoveries	\$43,264.46
<b>Ending Balance – December 31, 2013</b>	<b>\$ 12,182,461.84</b>

**MERC-Consolidated**

Beginning Balance – January 1, 2013	\$0
CIP Expenses – January 1, 2013 – December 31, 2013	\$8,630,238.44
Carrying Charges - January 1, 2013 –December 31, 2013	\$ 40,004.61
DSM Financial Incentive <sup>4</sup>	-
CIP Recoveries - January 1, 2013 –December 31, 2013	\$6,071,657.88
<b>Ending Balance – December 31, 2013</b>	<b>\$2,598,585.17</b>

Attachment A includes MERC’s 2013 CIP tracker account balance calculations for the MERC-NMU tracker account, MERC-PNG tracker account and the consolidated tracker account.

<sup>3</sup> CIP expenses are allocated to the consolidated tracker account.

<sup>4</sup> Allocated to MERC-NMU and MERC-PNG tracker accounts.

**C. Proposed DSM Financial Incentive**

1. Calculation of DSM Financial Incentive

MERC seeks Commission approval of a DSM financial incentive of \$2,492,730 for 2013 based on energy savings of 424,827 MCF. Supporting documentation is provided in Revised Attachment B.

MERC has excluded NGEA assessments in the amount of \$113,071.60 from the calculation of net benefits as provided by the Commission's January 27, 2010, ORDER ESTABLISHING UTILITY PERFORMANCE INCENTIVES FOR ENERGY CONSERVATION in Docket No. E,G-999/CI-08-133.

2. Statutory Criteria

In Docket No. E,G-999/CI-08-133, the Commission adopted a new Shared Savings Model to be used to calculate utility financial incentives for energy conservation starting with the calendar year 2010. On December 20, 2012, the Commission issued an ORDER ADOPTING MODIFICATIONS TO SHARED SAVINGS DEMAND SIDE MANAGEMENT FINANCIAL INCENTIVE in Docket No. E,G-999/CI-08-133, whereby the Commission adopted modifications to the shared savings incentive model. Minn. Stat. § 216B.16, subd. 6c(b) sets forth four statutory criteria with respect to approval by the Commission of utility financial incentive plans for energy conservation improvements. MERC's requested DSM financial incentive is consistent with the statutory criteria outlined below.

Minn. Stat. § 216B.16, subd. 6c(b), states that in approving incentive plans, the Commission shall consider:

- (1) whether the plan is likely to increase utility investment in cost-effective energy conservation;
- (2) whether the plan is compatible with the interest of utility ratepayers and other interested parties;



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- (3) whether the plan links the incentive to the utility's performance in achieving cost-effective conservation; and
- (4) whether the plan is in conflict with other provisions of Chapter 216B.

The four criteria are discussed below.

- (1) *Whether the plan is likely to increase utility investment in cost-effective energy conservation.*

The new Shared Savings Model emphasizes the 1.5% energy savings goal and ties the incentive earned by the Company to that goal. Under the model, the Company's incentive is calibrated so that when MERC achieves energy savings equal to 1.5% of retail sales, the Company will earn an incentive equal to \$6.50 times the Mcf saved. Additionally, the closer the energy savings is to reaching the 1.5% energy savings goal, the greater the incremental incentive.

MERC's incentive plan is designed to increase the Company's investment in cost-effective energy conservation and consequently results in increased energy and demand savings. The increasing incentives under the plan encourage MERC to seek energy savings, through completed customer conservation measures, at and beyond the 1.5% energy savings goal.

- (2) *Whether the plan is compatible with the interest of utility ratepayers and other interested parties.*

MERC's plan is compatible with the interest of utility ratepayers and other interested parties. The incentive is designed to tie the financial incentive to the utility's progress towards meeting the 1.5% energy savings goal. Additionally, the incentive will not exceed the net benefits created through the savings, and therefore ratepayers receive the majority of the benefits achieved under the Company's CIP program. Specifically, the Company's incentive plan caps the incentive awarded at 20 percent of net benefits. Additionally, the plan caps the incentive awarded per unit of energy saved at 125 percent of MERC's 1.0 percent target calibration (\$6.875) per Mcf.

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- (3) *Whether the plan links the incentive to the utility's performance in achieving cost-effective conservation.*

MERC's incentive plan links the incentive to the Company's progress toward the 1.5% energy savings goal, but the incentive awarded will not exceed the net benefits created through savings. The incentive therefore encourages the utility to achieve cost-effective conservation.

- (4) *Whether the plan is in conflict with other provisions of Chapter 216B.*

MERC's incentive plan does not conflict with other provisions of Chapter 216B, as the Commission concluded in its January 27, 2010, ORDER ESTABLISHING UTILITY PERFORMANCE INCENTIVES FOR ENERGY CONSERVATION and December 20, 2012 ORDER ADOPTING MODIFICATIONS TO SHARED SAVINGS DEMAND SIDE MANAGEMENT FINANCIAL INCENTIVE in Docket No. E,G-999/CI-08-133.

**C. Proposed CCRA**

In the Company's 2008 rate case proceeding, the Commission approved a CCRA for the Company with an initial rate of \$0.0000 per therm and required the Company to file adjustment reports by May 1 of each calendar year. The Commission approved MERC-NMU's current CCRA factor of \$0.00475 per therm, in its December 13, 2013 Order in Docket No. G-007/M-13-370, and also approved MERC-PNG's current CCRA factor of \$0.0420 per therm in its December 13, 2013 Order in Docket No. G011/M-13-369. The Commission's Orders required that MERC suspend the CCRA factor collection when the MERC-PNG or MERC-NMU tracker balances reach zero.

The Commission also ordered that any new CCRA resulting from MERC's May 2014 filing will not be effective prior to January 1, 2015. MERC's calculation of its consolidated CCRA is therefore based on a January 1, 2015 effective date. With this filing, MERC proposes consolidate the MERC-NMU and MERC-PNG tracker accounts into a single consolidated account, rolling the remaining balances into a single account balance effective January 1, 2015. The estimated consolidated tracker balance as of January 1, 2015 is \$818,136.01. This calculation is based on a forecasted Consolidated CIP tracker balance of \$1,095,090.97 as of January 1, 2015. Based on current forecasts, MERC anticipates that the MERC-PNG CIP tracker balance will hit zero sometime in 2014, at which time MERC will suspend collection of the currently approved CCRA and file a compliance filing to notify the Commission. Based on recovery of incentives at the end of 2013, the MERC-NMU tracker balance at the end of 2013 (December 31, 2013) was a credit of 276,954.96. Upon review of the 2013 tracker balances, MERC discovered that the MERC-NMU tracker balance had reached a credit as of December 2013. MERC therefore should have suspended collection of the CCRA factor for MERC-NMU

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customers as of January 1, 2014 but did not do so. MERC has suspending collection of the CCRA for NMU effective May 1, 2014 and provided a refund to MERC-NMU customers for the amounts collected January 1, 2014 through May 1, 2014. Calculation of the proposed consolidated CCRA factor of \$0.00065 per therm is shown in Revised Attachment C.

MERC has provided as Revised Attachment D a revised redline version of Tariff Sheet No. 7.02a, which incorporates the proposed CCRA. The Company proposes to implement the bill message below, effective the first month the new CCRA factor takes effect, notifying customers of the change in their monthly bills:

Effective January 1, 2015, a CCRA (conservation cost recovery adjustment) has been included on your bill. The CCRA is an annual adjustment to true-up under-recovery or over-recovery of CIP (conservation improvement program) expenses. Effective January 1, 2015, the CCRA rate will be \$0.00065 per therm.<sup>5</sup>

**D. Effect of Change Upon MERC Revenue**

This Petition has no effect on MERC revenue. In Docket No. G007,011/GR-10-977, the Commission established a consolidated CCRC of \$0.0148 per therm in base rates. The CCRA is forecasted to recover the difference between the CIP expenses actually recovered through the CCRC and the CIP tracker account balance as of January 2015 over a one year period. It should also be noted that on August 13, 2014, the Administrative Law Judge issued his Findings of Fact, Summary of Public Testimony, Conclusions of Law and Recommendation in MERC's pending rate case, Docket No. G011/GR-13-617, recommending that MERC's CCRC be removed from base distribution rates and added to the CCRA on January 1, 2015 or with implementation of final rates, whichever occurs later. If the ALJ's recommendations are adopted by the

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<sup>5</sup> Subject to revision upon approval of the recommendations of the Administrative Law Judge in MERC's pending rate case, Docket No. G011/GR-13-617 to incorporate MERC's Conservation Cost Recovery Charge ("CCRC") factor into the CCRA factor.

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Commission, MERC would propose to add the final CCRC factor calculated in Docket G011/GR-13-617 to the CCRA rate of 0.00065, pending approval of final rates.

**E. Adjustments to MERC Tracker Accounts**

Ordering Points 8 in the Commission’s December 13, 2013 Orders in Docket Nos. G-007/M-13-370 and G-011/M-13-369 required that MERC include with this filing schedules starting with the CIP Tracker balances used in the 10-407 and 10-409 dockets and all adjustments made to arrive at the tracker balance to be used in the 2014 filing. The Commission requested that all adjustments be clearly described and labeled to show the origin of the adjustment. Attachment E to this filing includes the annual tracker filings for MERC-NMU and MERC-PNG from 2009-2013. These tracker filings include all adjustments made to arrive at the current tracker balance. The adjustments made to MERC-NMU and MERC-PNG’s tracker accounts are as follows, as identified in Attachment E:

**[TRADE SECRET DATA BEGINS...**

<b>Tracker Adjustment Originally Filed in Docket No.</b>	<b>Amount of Adjustment</b>	<b>Description/Explanation of Adjustment</b>
G-007/M-12-443		Recovery adjustment for amount related to two customers not being charged the CCRC in their rates. In Docket No. G-007,011/GR-10-977, the Commission accepted that although MERC and the Department agree that [although] MERC did not collect CCRC revenues from these customers, MERC did correctly credit its CIP tracker account for CCRC amounts attributable to one of these customers.
G-007/M-13-370		Recovery adjustment for amount related to 2 customers not being charged the CCRC in their rates. In Docket No. G-007,011/GR-10-977, the Commission accepted that although MERC and the Department agree that [although] MERC did not collect CCRC revenues from these customers, MERC did correctly credit its CIP tracker account for CCRC amounts attributable to one of these customers.
G-007/M-12-443		Payments from June 2011 through December 2011, MERC credited the CIP tracker account balance on a monthly basis for the CCRC

**PUBLIC DOCUMENT- TRADE SECRET DATA HAS BEEN EXCISED**

		revenues attributable to the two customers who had not paid CCRC. The total amount credited to the CIP tracker account was \$168,003 for this time period. This amount was credited by removing the sales volumes for these customers from exempt status and including those volumes in the CIP tracker.
Included in this filing, Docket No. G011/M-14-__		3M was determined to have suspended CCRA amounts owed. In its May 9, 2013 Order Ending Suspension, Exempting Eligible Customers from Rate Recovery of Conservation Costs, Setting Refund and Repayment Requirements, and Requiring Other Filings in Docket No. G011/M-10-407, the Commission determined that MERC should be required to work with customers who did not apply for CIP exemptions or who were denied them to establish workable payment arrangements and to file an implementation plan detailing the arrangements made.
Included in this filing, Docket No. G011/M-14-__		PM Windom was determined to have suspended CCRA amounts owed. In its May 9, 2013 Order Ending Suspension, Exempting Eligible Customers from Rate Recovery of Conservation Costs, Setting Refund and Repayment Requirements, and Requiring Other Filings in Docket No. G011/M-10-407, the Commission determined that MERC should be required to work with customers who did not apply for CIP exemptions or who were denied them to establish workable payment arrangements and to file an implementation plan detailing the arrangements made.
Included in this filing, Docket No. G011/M-14-__		Spectro Alloys was determined to have suspended CCRA amounts owed. In its May 9, 2013 Order Ending Suspension, Exempting Eligible Customers from Rate Recovery of Conservation Costs, Setting Refund and Repayment Requirements, and Requiring Other Filings in Docket No. G011/M-10-407, the Commission determined that MERC should be required to work with customers who did not apply for CIP exemptions or who were denied them to establish workable payment arrangements and to file an implementation plan detailing the arrangements made.
Included in this filing, Docket No. G011/M-14-__		Toro was determined to have suspended CCRA amounts owed. In its May 9, 2013 Order Ending Suspension, Exempting Eligible Customers from Rate Recovery of Conservation Costs, Setting Refund and Repayment Requirements, and Requiring Other Filings in Docket No. G011/M-10-407, the Commission determined that MERC should be required to work with customers who did not apply for CIP exemptions or who were denied them to establish workable payment

		arrangements and to file an implementation plan detailing the arrangements made.
Included in this filing, Docket No. G011/M-14-__		In its May 9, 2013 Order Ending Suspension, Exempting Eligible Customers from Rate Recovery of Conservation Costs, Setting Refund and Repayment Requirements, and Requiring Other Filings in Docket No. G011/M-10-407, the Commission determined that Rochester Public Utilities met the statutory definition for CIP exemption as to its Silver Lake and Cascade Creek generation facilities granted an exemption as to these facilities effective 90 days from the date of the petition. Rochester Public Utilities was not covered by the CCRA suspension, and MERC was therefore required to refund all conservation costs collected from the RPU as of the effective date of the exemption.

**...TRADE SECRET DATA ENDS]**

**F. Conservation Costs For Discounted Transactions**

Ordering Points 9 in the Commission’s December 13, 2013 Orders in Docket Nos. G-007/M-13-370 and G-011/M-13-369 required that MERC continue working with the Department on the treatment of conservation costs in rates for discounted transactions and shall address that issue in its May 1, 2014 filing.

MERC includes all volumes from non-exempt flexible rate customers in its CIP tracker and thereby tracks that a CCRC factor is included in the tracker for all non-exempt volumes. While a number of MERC’s flexible rate customers have applied for and been granted CIP-exempt status, all non-exempt volumes for flex rate customers are included in the tracker. The CCRC volumes in the tracker are based on rate codes to ensure all non-exempt volumes are included. MERC has made all necessary adjustments to the CIP tracker to credit for those customers who had not been paying CCRC. This issue was largely resolved in MERC’s last rate case, Docket No. G-007,011/GR-10-977 and in Docket Nos. G011/M-10-407 and G007/M-10-409. MERC tracks customers’ CIP exemption status to ensure all non-exempt volumes are included in the tracker.

**CONCLUSION**

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MERC respectfully requests that the Commission approve its CIP tracker account balances for 2013 with an ending balance for MERC-PNG of \$12,182,486.84, an ending balance for MERC-NMU of a credit of \$(276,954.96), and an ending balance for the MERC consolidated tracker of \$2,598,585.17. Additionally, MERC requests that the Commission approve a consolidated 2013 DSM financial incentive of \$2,492,730. Finally, MERC requests approval of a revised consolidated CCRA factor of \$0.00065 per therm effective January 1, 2015.



**STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger  
David C. Boyd  
Nancy Lange  
Dan Lipschultz  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition of Minnesota  
Energy Resources Corporation for Approval of  
Consolidated Conservation Improvement  
Program Tracker Account, DSM Financial  
Incentive, and Conservation Cost Recovery  
Adjustment Factor

Docket No. G011/M-14-369

**SUMMARY OF FILING**

**SUMMARY OF FILING**

Please take notice that on August 25, 2014, Minnesota Energy Resources Corporation (“MERC”) submitted to the Minnesota Public Utilities Commission (“Commission”) a Revised Petition for Approval of a consolidated 2013 CIP tracker account balance, 2013 DSM financial incentive, and Conservation Cost Recovery Adjustment.

Please note that this filing is available through the eDockets system maintained by the Minnesota Department of Commerce and the Minnesota Public Utilities Commission. You can access this document by going to eDockets through the websites of the Department of Commerce or the Public Utilities Commission or going to the eDockets homepage at <https://www.edockets.state.mn.us/EFiling/home.jsp>. Once on the eDockets homepage, this document can be accessed through the Search Documents link and by entering the date of the filing.

## **Attachment A**

	2012 Ending Balance	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013 Total
1. Beginning Balance (excl. carry cost)		9,719,603.49	8,960,625.57	8,139,054.47	7,449,757.56	6,854,640.65	6,411,013.68	6,306,750.75	6,128,592.23	5,985,623.70	5,798,424.91	5,570,167.38	5,099,386.08	
2. Recoveries	[TRADE SECRET DATA BEGINS...	758,977.92	821,571.11	689,296.91	595,116.91	443,626.97	222,621.05	158,918.52	156,805.56	151,525.79	188,075.33	430,599.08	697,466.46	5,314,601.62
2.a. 3M														
2.b. PM Windom														
2.c. Spectro Alloys														
2.d. Toro														
2.e. Adjust for RPU refund														
3. Incentives		-	-	-	-	-	-	-	-	-	-	-	5,320,536.54	5,320,536.54
Sub Balance (excl. carry costs)														
4. (Line 1+2-3+4)	9,719,603.49	8,960,625.57	8,139,054.47	7,449,757.56	6,854,640.65	6,411,013.68	6,306,750.75	6,128,592.23	5,985,623.70	5,798,424.91	5,570,167.38	5,099,386.08	9,682,273.95	
5. CCRA Exemption included in balance <sup>3</sup>		479,955.83	427,973.44	373,311.58	322,291.84	332,733.29	332,733.29	267,009.37	267,009.37	248,197.85	248,197.85	226,004.68	205,685.86	
6. Ending Balance Subject to Carry Cost (Line 4-5)		8,480,669.74	7,711,081.03	7,076,445.98	6,532,348.81	6,078,280.38	5,974,017.46	5,861,582.86	5,718,614.33	5,550,227.06	5,321,969.53	4,873,381.40	9,476,588.09	
7. Monthly Carry Cost <sup>2</sup> (Line 6 x .00652)		55,293.97	50,276.25	46,138.43	42,590.91	39,630.39	38,950.59	38,217.52	37,285.37	36,187.48	34,699.24	31,774.45	61,787.35	512,831.95
8. Cumulative Carry Cost	1,987,355.94	2,042,649.91	2,092,926.16	2,139,064.58	2,181,655.50	2,221,285.89	2,260,236.48	2,298,454.00	2,335,739.36	2,371,926.85	2,406,626.09	2,438,400.53	2,500,187.89	
9. Ending Balance (Line 4+8)	11,706,959.43	11,003,275.48	10,231,980.62	9,588,822.14	9,036,296.15	8,632,299.56	8,566,987.23	8,427,046.23	8,321,363.07	8,170,351.76	7,976,793.46	7,537,786.62	12,182,461.84	

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...TRADE SECRET DATA ENDS]

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977

<sup>3</sup> Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

Minnesota Energy Resources - PNG  
Recovery by Class (in therms)

MERC CIP Tracker, DSM, & CCRA Filing  
Docket No. G011/M-14-\_\_\_\_\_  
Attachment A

CCRA:	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Gas Residential	23,848,923	24,727,012	20,851,538	17,071,052	12,339,839	4,938,979	2,876,438	2,452,184	2,454,715	3,187,455	9,659,879	19,314,122
Gas Small C&I	1,525,051	1,708,796	1,390,186	1,159,438	748,148	187,245	109,197	91,315	104,845	280,585	688,161	1,365,663
Gas Large C&I	10,857,881	11,726,271	10,079,412	8,626,042	6,094,302	2,671,329	1,809,794	1,924,068	1,408,753	2,025,570	5,336,620	9,101,957
Gas Large C&I Int.	2,669,549	3,257,619	2,577,706	2,339,116	2,062,535	945,232	708,129	479,068	701,354	894,133	4,212,193	5,432,315
Transport of Gas	5,250,889	6,373,851	5,199,873	5,424,300	4,562,446	4,207,829	3,741,266	4,175,271	4,145,097	4,553,230	5,152,541	5,359,908
Total Therms	44,152,293	47,793,549	40,098,715	34,619,948	25,807,270	12,950,614	9,244,824	9,121,906	8,814,764	10,940,973	25,049,394	40,573,965
CCRA	0.01719	0.01719	0.01719	0.01719	0.01719	0.01719	0.01719	0.01719	0.01719	0.01719	0.01719	0.01719
CCRA Recovery	\$ 758,977.92	\$ 821,571.11	\$ 689,296.91	\$ 595,116.91	\$ 443,626.97	\$ 222,621.05	\$ 158,918.52	\$ 156,805.56	\$ 151,525.79	\$ 188,075.33	\$ 430,599.08	\$ 697,466.46

CCRA = Conservation Cost Recovery Adjustment

Minnesota Energy Resources - NMU  
CIP Tracker Balance Calculation

MERC CIP Tracker, DSM, & CCRA Filing  
Docket No. G011/M-14-\_\_  
Attachment A

	2012 Ending Balance	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013 Total
Beginning Balance														
1. (excl. carry cost)		(316,593.25)	(658,038.46)	(1,036,207.29)	(1,334,266.26)	(1,592,316.36)	(1,811,663.11)	(1,936,847.83)	(2,015,507.68)	(2,075,011.52)	(2,139,410.39)	(2,227,256.58)	(2,405,650.49)	
2. Recoveries		341,445.21	378,168.82	298,058.97	258,050.11	219,346.75	125,184.71	78,659.85	59,503.84	64,398.88	87,846.19	178,393.91	272,503.08	2,361,560.32
3. Incentives		-	-	-	-	-	-	-	-	-	-	-	2,286,163.45	2,286,163.45
Sub Balance (excl. carry costs)														
4. (Line 1+2-3+4)	(316,593.25)	(658,038.46)	(1,036,207.29)	(1,334,266.26)	(1,592,316.36)	(1,811,663.11)	(1,936,847.83)	(2,015,507.68)	(2,075,011.52)	(2,139,410.39)	(2,227,256.58)	(2,405,650.49)	(391,990.12)	
Monthly Carry Cost <sup>2</sup>														
5. (Line 7 x .00652)		(4,290.41)	(6,756.07)	(8,699.42)	(10,381.90)	(11,812.04)	(12,628.25)	(13,141.11)	(13,529.08)	(13,948.96)	(14,521.71)	(15,684.84)	(2,555.78)	(127,949.56)
6. Cumulative Carry Cost	242,984.73	238,694.32	231,938.25	223,238.83	212,856.93	201,044.89	188,416.64	175,275.53	161,746.45	147,797.50	133,275.78	117,590.94	115,035.17	
Ending Balance														
7. (Line 4+6)	(73,608.52)	(419,344.15)	(804,269.04)	(1,111,027.43)	(1,379,459.43)	(1,610,618.23)	(1,748,431.19)	(1,840,232.15)	(1,913,265.06)	(1,991,612.90)	(2,093,980.80)	(2,288,059.55)	(276,954.96)	

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977

Minnesota Energy Resources - NMU  
Recovery by Class (in therms)

MERC CIP Tracker, DSM, & CCRA Filing  
Docket No. G011/M-14-\_\_\_\_\_  
Attachment A

CCRA:	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Gas Residential	5,724,329	6,200,346	4,460,892	3,680,241	3,184,829	1,816,269	782,650	384,506	356,902	764,647	2,233,697	4,639,093
Gas Small C&I	433,832	524,178	374,351	317,654	249,390	82,925	29,821	27,835	20,316	36,077	144,646	378,196
Gas Large C&I	3,481,840	3,829,143	3,001,218	2,582,875	2,244,097	904,176	599,771	518,956	481,248	678,148	1,458,333	2,953,136
Gas Large C&I Int.	1,439,229	1,575,476	1,550,916	1,393,767	958,291	656,299	400,311	362,338	399,668	554,246	1,482,037	612,031
Transport of Gas	1,497,021	1,799,727	1,590,854	1,530,071	1,442,463	1,151,186	1,084,679	898,035	1,113,832	1,202,469	1,251,965	1,454,490
Total Therms	12,576,251	13,928,870	10,978,231	9,504,608	8,079,070	4,610,855	2,897,232	2,191,670	2,371,966	3,235,587	6,570,678	10,036,946
CCRA	0.02715	0.02715	0.02715	0.02715	0.02715	0.02715	0.02715	0.02715	0.02715	0.02715	0.02715	0.02715
CCRA Recovery	\$ 341,445.21	\$ 378,168.82	\$ 298,058.97	\$ 258,050.11	\$ 219,346.75	\$ 125,184.71	\$ 78,659.85	\$ 59,503.84	\$ 64,398.88	\$ 87,846.19	\$ 178,393.91	\$ 272,503.08

CCRA = Conservation Cost Recovery Adjustment

Minnesota Energy Resources  
Consolidated CIP Tracker Balance Calculation

MERC CIP Tracker, DSM, & CCRA Filing  
Docket No. G011/M-14-\_\_\_\_  
Attachment A

	Starting Balance	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013 Total
Beginning Balance (excl. carry cost)		-	(560,028.09)	(867,467.85)	(677,435.88)	(924,037.12)	(954,206.68)	94,270.88	484,023.57	989,477.50	1,884,518.81	2,050,179.20	2,057,801.47	
2. Expenses		310,465.51	631,383.21	971,164.52	430,318.85	491,649.95	1,315,425.33	575,133.54	679,197.70	1,070,687.60	386,814.24	493,355.64	1,274,642.35	8,630,238.44
3. Recoveries		870,493.60	938,822.98	781,132.55	676,920.09	521,819.51	266,947.77	185,380.85	173,743.77	175,646.29	221,153.85	485,733.37	773,863.26	6,071,657.88
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Balance (excl. carry costs) (Line 1+2-3+4)	-	(560,028.09)	(867,467.85)	(677,435.88)	(924,037.12)	(954,206.68)	94,270.88	484,023.57	989,477.50	1,884,518.81	2,050,179.20	2,057,801.47	2,558,580.56	
Monthly Carry Cost <sup>2</sup> (Line 5 x .00652)		(3,651.38)	(5,655.89)	(4,416.88)	(6,024.72)	(6,221.43)	614.65	3,155.83	6,451.39	12,287.06	13,367.17	13,416.87	16,681.95	40,004.61
7. Cumulative Carry Cost	-	(3,651.38)	(9,307.27)	(13,724.16)	(19,748.88)	(25,970.30)	(25,355.66)	(22,199.83)	(15,748.43)	(3,461.37)	9,905.80	23,322.66	40,004.61	
Ending Balance (Line 5+7)	-	(563,679.47)	(876,775.13)	(691,160.03)	(943,786.00)	(980,176.98)	68,915.22	461,823.74	973,729.07	1,881,057.44	2,060,085.00	2,081,124.14	2,598,585.17	

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977

1119386.23	12195061.46	6839835.02
1070687.6	-267037.61	-2568106.85
48,698.63	2598585.17	2598585.17
317.52	14,526,609.02	6,870,313.34

Minnesota Energy Resources  
Recovery by Class (in therms)

MERC CIP Tracker, DSM, & CCRA Filing  
Docket No. G011/M-14-\_\_\_\_\_  
Attachment A

CCRC:	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Gas Residential	29,573,254	30,928,917	25,313,009	20,751,369	15,525,150	6,756,122	3,655,071	2,843,751	2,808,020	3,953,405	11,894,339	23,952,735
Gas Small C&I	1,960,414	2,234,329	1,765,787	1,478,551	998,589	270,480	165,929	129,019	126,780	317,005	833,443	1,745,181
Gas Large C&I	14,330,308	15,547,284	13,070,241	11,200,406	8,332,174	3,572,114	2,373,012	2,293,665	2,029,392	2,701,930	6,788,826	12,044,402
Gas Large C&I Int.	4,108,778	4,831,673	4,128,622	3,732,883	3,020,826	1,601,531	1,108,440	842,750	1,100,383	1,448,379	5,694,230	6,044,346
Transport of Gas	7,561,522	8,508,225	7,350,401	7,577,048	6,612,323	5,443,360	4,950,083	5,374,210	5,544,565	6,196,191	6,893,152	7,360,941
Total Therms	57,534,276	62,050,428	51,628,060	44,740,257	34,489,062	17,643,607	12,252,535	11,483,395	11,609,140	14,616,910	32,103,990	51,147,605
CCRC	0.01513	0.01513	0.01513	0.01513	0.01513	0.01513	0.01513	0.01513	0.01513	0.01513	0.01513	0.01513
Total Recovery	\$ 870,493.60	\$ 938,822.98	\$ 781,132.55	\$ 676,920.09	\$ 521,819.51	\$ 266,947.77	\$ 185,380.85	\$ 173,743.77	\$ 175,646.29	\$ 221,153.85	\$ 485,733.37	\$ 773,863.26



## **Revised Attachment B**

Year	Energy Savings Achieved	Single-year Weather-Normalized sales	Savings as percent of same-year sales
2007	141,655	55,152,126	0.26%
2008	64,517	50,820,785	0.13%
2009	133,570	33,181,472	0.40%
2010	445,836	35,846,024	1.2438%
2011	457,748	36,866,317	1.2416%

3-year Weather-Normalized Sales Average: 37,257,910 From Table 1, 2013-2015 Triennial CIP Plan  
**1.0% of Sales:** 372,579 From Table 1, 2013-2015 Triennial CIP Plan

For CIP Budget, Energy Goal, and Estimated Benefits, include only those modifications that were required by Order or which the utility notified the OES that it planned to include in the incentive calculation upon approval. Include a summary of the modifications below.

**Approved CIP Budget:** \$8,623,210 From Table 1, Commissioner's 1/16/13 Order approving Triennial Filing  
**Approved CIP Energy Goal:** 379,203 From Table 1, Commissioner's 1/16/13 Order approving Triennial Filing  
**Estimated Net Benefits at Approved Goal:** \$17,495,203 From Compliance Filing bencost 12/28/12.

Modifications detailed below:

Project	Budget	Energy	Net Benefits
4U2 add'l budget for underspending	\$158,981	1,382	(\$22,256)
Res Rebates, Htg System tuneup	\$100,500	3,600	(\$279,325)
C/I Rebates, RCx	\$38,200	8,000	\$1,394,057
Multifamily Direct Install Plus	\$76,668	1,550	\$1,651
Small Business Direct Install Plus	\$81,904	2,596	\$44,725
<b>Total</b>	<b>\$456,253</b>	<b>17,128</b>	<b>\$1,138,852</b>

**Inputs:**

Average Sales:	37,257,910
1.0% Energy Savings:	372,579
Historic Average Savings:	0.63% (Average of 3 years of historic with min and max taken out)
Earning Threshold:	0.30% plus one unit of energy
Earning Threshold in Energy Savings:	111,775
Award zero point:	0.20%
Award zero point in Energy Savings:	74,516
Steps from zero point to 1.5%	13
Size of steps in Energy Savings:	37,258

**Incentive Calibration:**

Average Incentive per unit at 1.5%:	\$9.00	Set by Commission in approval of incentive mechanism & calibration
Cap Level:	125%	of Calibration Point
Incentive Cap:	\$6.875	per MCF
Energy savings at 1.5%:	558,869	
Targeted incentive at 1.5%:	\$5,029,818	
<b>Multiplier:</b>	<b>1.50056%</b>	<b>Percent of Net Benefits received for every 0.1% of sales above zero point</b>

**Estimated Incentive Levels:**

Achievement Level (% of sales)	Energy Saved	Percent of Benefits Awarded	Estimated Net Benefits	Financial Incentive	Average Incentive per unit Saved
0.0%	0	0.00000%	\$0	\$0	\$0.00
0.1%	37,258	0.00000%	\$1,718,960	\$0	\$0.00
0.2%	74,516	0.00000%	\$3,437,920	\$0	\$0.00
0.3%	111,774	0.00000%	\$5,156,879	\$0	\$0.00
0.4%	149,032	3.00111%	\$6,875,839	\$206,352	\$1.38
0.5%	186,290	4.50167%	\$8,594,799	\$386,909	\$2.08
0.6%	223,547	6.00222%	\$10,313,759	\$619,055	\$2.77
0.7%	260,805	7.50278%	\$12,032,718	\$902,788	\$3.46
0.8%	298,063	9.00333%	\$13,751,678	\$1,238,109	\$4.15
0.9%	335,321	10.50389%	\$15,470,638	\$1,625,018	\$4.85
1.0%	372,579	12.00444%	\$17,189,598	\$2,063,515	\$5.54
1.1%	409,837	13.50500%	\$18,908,557	\$2,553,600	\$6.23
1.2%	447,095	15.00555%	\$20,627,517	\$3,073,778	\$6.88
1.3%	484,353	16.50611%	\$22,346,477	\$3,329,926	\$6.88
1.4%	521,611	18.00666%	\$24,065,437	\$3,586,074	\$6.88
1.5%	558,869	19.50722%	\$25,784,396	\$3,842,222	\$6.88
1.6%	596,127	20.00000%	\$27,503,356	\$4,098,370	\$6.88
1.7%	633,384	20.00000%	\$29,222,316	\$4,354,518	\$6.88
1.8%	670,642	20.00000%	\$30,941,276	\$4,610,666	\$6.88
1.9%	707,900	20.00000%	\$32,660,235	\$4,866,814	\$6.88
2.0%	745,158	20.00000%	\$34,379,195	\$5,122,963	\$6.88
2.1%	782,416	20.00000%	\$36,098,155	\$5,379,111	\$6.88
<b>Filed Goal</b>	<b>379,203</b>	<b>12.27122%</b>	<b>\$17,533,390</b>	<b>\$2,151,560</b>	<b>\$5.67</b>

**Actual CIP Results**

Spending: \$8,517,167 From Table B-2, MERC May 1, 2013 Status Report  
Energy Saved: 424,827 From Table B-3, MERC May 1, 2013 Status Report  
Net Benefits Achieved: \$17,668,017 From May 1 2013 Status Report BENCOST Utility Cost Test

<b>Resulting Incentive:</b>			
Steps above Zero Point:	9.40233		
Percent of Net Benefits Awarded:	14.10871%		
<b>Financial Incentive Award:</b>	\$2,492,730		
Incentive per MCF	\$5.87		
Net Benefit after Incentive	\$15,175,287		

## **Revised Attachment C**

Revised MERC Consolidated CCRA Calculation

January 1, 2015

Forecasted beginning balance (January 1, 2015)	\$ 818,136.01 <sup>1</sup>
Approved expenditures (January 2015-December 2015)	\$9,880,403 <sup>2</sup>
Forecasted 2013 Incentive	\$ 2,492,730
Less forecasted CCRC recovery (January 2015-December 2015)	\$ 10,923,780.64
Forecasted December 2015 Balance	\$267,488.37
Forecasted Gas Sales (January 2015-December 2015)	408,944,236 therms
CCRA= \$/therm beginning January 1, 2015	\$0.00065/therm

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<sup>1</sup> This calculation is based on a forecasted Consolidated CIP tracker balance of \$1,095,090.97. Based on current forecasts, MERC anticipates that the MERC-PNG CIP tracker balance will hit zero sometime in approximately November of 2014. Based on recovery of incentives at the end of 2013, the MERC-NMU tracker balance at the end of 2013 (December 31, 2013) was a credit of 276,954.96. Upon review of the 2013 tracker balances, MERC discovered that the MERC-NMU tracker balance had reached a credit as of December 2013. MERE therefore should have suspended collection of the CCRA factor for MERC-NMU customers as of January 1, 2014 but did not do so. MERC intends to submit a compliance filing with the Commission regarding suspension of the CCRA factor for MERC-NMU customers and identifying the amount to be refunded to those customers.

<sup>2</sup> As approved in the Department of Commerce's decision of April 30, 2013 in Docket No. G007,G011/CIP-12-548.

## **Revised Attachment D**



CLEAN TARIFFS

**CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT**

1. Applicability of Conservation Cost Recovery Charge and Adjustment:  
 “Large Energy Facility”, as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the “Large Energy Facility” customers can no longer participate in any utility’s Energy Conservation Improvement Program.  
  
 “Large Customer Facility” customers that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Large Customer Facility” customers can no longer participate in the Company’s Energy Conservation Improvement Program.  
  
 “Commercial Gas Customers” that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Commercial Gas Customers” can no longer participate in the Company’s Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.
  
2. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC in the Company’s rate case. The CCRC factor is approved and applied on a per therm basis by dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes) The CCRC for each rate schedule is:
 

All Classes MERC	\$0.01513/therm
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3. Adjustment: There shall be included on each customer’s monthly bill a CCRA factor multiplied by the customer’s monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.
  
4. Determination of Conservation Cost Recovery Adjustment Factor (CCRA): The CCRA is calculated for each customer class by dividing the recoverable CIP costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of CIP-exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

All Classes MERC

\$0.00065

5. Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRC and CCRA shall not apply. Those customer accounts determined by the Commission to qualify as a Large Energy Facility Customers, shall receive a monthly exemption from conservation program charges pursuant to Minn. Stat. § 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the Large Energy Facility customers can no longer participate in any utility’s energy Conservation Improvement Program.

Under Minn. Stat. 216B.241, any customer account determined by the Commission of the Minnesota Department of Commerce to qualify as a large customer facility shall be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the large customer facility. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner’s decision. Upon exemption from the conservation program charges, no exempt customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the Commissioner to withdraw its exemption.

Under Minn. Stat. 216B.241, any customer account that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota shall, upon a determination by the Commissioner of the Department of Commerce as qualifying for an opt out of the Conservation Improvement Program, be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the commercial gas customers. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner’s decision. Upon exemption from conservation program charges, the customers can no longer participate in any utility’s energy Conservation Improvement Program unless the customer submits a filing with the Commissioner to withdraw its exemption.

6. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.

Issued By: DM Derricks  
Asst. VP Regulatory Affairs

Submittal Date: August 25, 2014

\*Effective with bills issued on and after this date.

\*Effective Date: January 1, 2015  
Proposed Effective Date: January 1, 2015

## REDLINE TARIFFS

## CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

1. Applicability of Conservation Cost Recovery Charge and Adjustment:  
 “Large Energy Facility”, as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the “Large Energy Facility” customers can no longer participate in any utility’s Energy Conservation Improvement Program.  
  
 “Large Customer Facility” customers that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Large Customer Facility” customers can no longer participate in the Company’s Energy Conservation Improvement Program.  
  
 “Commercial Gas Customers” that have been exempted from the Company’s Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd.1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat.216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the “Commercial Gas Customers” can no longer participate in the Company’s Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.
2. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC in the Company’s rate case. The CCRC factor is approved and applied on a per therm basis by dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes) The CCRC for each rate schedule is:
 

All Classes MERC	\$0.01513/therm
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3. Adjustment: There shall be included on each customer’s monthly bill a CCRA factor multiplied by the customer’s monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.
4. Determination of Conservation Cost Recovery Adjustment Factor (CCRA): The CCRA is calculated for each customer class by dividing the recoverable CIP costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of CIP-exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

## CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

All Classes MERC <del>-PNG-</del>	\$0.000654200
<del>All Classes MERC -NMU</del>	<del>\$0.00475</del>

5. Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRC and CCRA shall not apply. Those customer accounts determined by the Commission to qualify as a Large Energy Facility Customers, shall receive a monthly exemption from conservation program charges pursuant to Minn. Stat. § 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the Large Energy Facility customers can no longer participate in any utility's energy Conservation Improvement Program.

Under Minn. Stat. 216B.241, any customer account determined by the Commission of the Minnesota Department of Commerce to qualify as a large customer facility shall be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the large customer facility. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from the conservation program charges, no exempt customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the Commissioner to withdraw its exemption.

Under Minn. Stat. 216B.241, any customer account that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota shall, upon a determination by the Commissioner of the Department of Commerce as qualifying for an opt out of the Conservation Improvement Program, be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the commercial gas customers. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from conservation program charges, the customers can no longer participate in any utility's energy Conservation Improvement Program unless the customer submits a filing with the Commissioner to withdraw its exemption.

6. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.

Issued By: DM Derricks  
Asst. VP Regulatory Affairs

Submittal Date: ~~December 20, 2013~~ August 25, 2014

\*Effective with bills issued on and after this date.

\*Effective Date: January 1, 201~~3~~<sup>4</sup>  
Proposed Effective Date: January 1, 201~~3~~<sup>4</sup>

# Attachment E

**Minnesota Energy Resources - NMU  
CIP Tracker Balance Calculation**

**Attachment A**

	<b>2008 Ending Balance</b>	<b>Jan-09</b>	<b>Feb-09</b>	<b>Mar-09</b>	<b>Apr-09</b>	<b>May-09</b>	<b>Jun-09</b>	<b>Jul-09</b>	<b>Aug-09</b>	<b>Sep-09</b>	<b>Oct-09</b>	<b>Nov-09</b>	<b>Dec-09</b>	<b>2009 Total</b>
1. Beginning Balance (excl. carry cost)	1,345,890.62	1,340,483.08	1,357,201.15	1,415,538.01	1,431,293.03	1,442,512.38	1,506,293.03	1,586,137.08	1,598,334.96	1,641,851.44	1,668,308.75	1,733,221.42		
2. Expenses		36,630.49	56,386.61	89,287.42	40,935.42	26,041.96	73,793.00	87,053.09	18,382.98	49,729.35	36,109.31	82,318.94	90,271.53	686,940.10
3. Recoveries		42,038.03	39,668.54	30,950.56	25,180.39	14,822.62	10,012.34	7,209.04	6,185.10	6,212.87	9,652.00	17,406.27	23,523.21	232,860.98
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	78,616.00	78,616.00
5. Sub Balance (excl. carry costs) (Line 1+2-3+4)	<u>1,340,483.08</u>	<u>1,357,201.15</u>	<u>1,415,538.01</u>	<u>1,431,293.03</u>	<u>1,442,512.38</u>	<u>1,506,293.03</u>	<u>1,586,137.08</u>	<u>1,598,334.96</u>	<u>1,641,851.44</u>	<u>1,668,308.75</u>	<u>1,733,221.42</u>	<u>1,878,585.74</u>		
6. Financial Incentive incl. in balance		116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	195,030.70	
7. Ending Balance Subject to Carry Cost <sup>1</sup> (Line 5-6)		1,224,068.38	1,240,786.45	1,299,123.31	1,314,878.33	1,326,097.68	1,389,878.33	1,469,722.38	1,481,920.26	1,525,436.74	1,551,894.05	1,616,806.72	1,683,555.04	
8. Monthly Carry Cost <sup>2</sup> (Line 7 x .00665)		8,140.05	8,251.23	8,639.17	8,743.94	8,818.55	9,242.69	9,773.65	9,854.77	10,144.15	10,320.10	10,751.76	11,195.64	113,875.71
9. Cumulative Carry Cost		46,811.63	55,062.86	63,702.03	72,445.98	81,264.53	90,507.22	100,280.87	110,135.64	120,279.79	130,599.89	141,351.65	152,547.29	
10. <b>Ending Balance (Line 5+9)</b>	<u><b>1,384,562.21</b></u>	<u><b>1,387,294.72</b></u>	<u><b>1,412,264.01</b></u>	<u><b>1,479,240.04</b></u>	<u><b>1,503,739.01</b></u>	<u><b>1,523,776.90</b></u>	<u><b>1,596,800.25</b></u>	<u><b>1,686,417.95</b></u>	<u><b>1,708,470.60</b></u>	<u><b>1,762,131.23</b></u>	<u><b>1,798,908.63</b></u>	<u><b>1,874,573.07</b></u>	<u><b>2,031,133.03</b></u>	

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge has not been applied to the 2005, 2006, and 2007 financial incentives.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.



**Minnesota Energy Resources - NMU  
CIP Tracker Balance Calculation**

	<b>2009 Ending Balance</b>	<b>Jan-10</b>	<b>Feb-10</b>	<b>Mar-10</b>	<b>Apr-10</b>	<b>May-10</b>	<b>Jun-10</b>	<b>Jul-10</b>	<b>Aug-10</b>	<b>Sep-10</b>	<b>Oct-10</b>	<b>Nov-10</b>	<b>Dec-10</b>	<b>2010 Total</b>
1. Beginning Balance (excl. carry cost)		1,878,585.74	1,772,368.79	1,836,217.32	1,867,876.85	1,836,787.93	1,836,840.91	1,944,918.30	2,004,903.77	2,070,855.13	2,122,881.91	2,206,012.80	2,246,535.49	
2. Expenses		25,309.81	182,006.93	127,002.64	34,256.73	46,093.79	138,771.64	82,472.85	85,462.70	74,895.80	70,486.72	121,904.09	356,075.66	1,344,739.36
3. Recoveries		131,526.76	118,158.40	95,343.12	65,345.65	46,040.81	30,694.25	22,487.38	19,511.33	22,869.02	30,717.83	81,381.40	386,264.23	1,050,340.17
4. Incentives		-	-	-	-	-	-	-	-	-	43,362.00	-	-	43,362.00
Sub Balance (excl. carry costs) 5. (Line 1+2-3+4)		<u>1,772,368.79</u>	<u>1,836,217.32</u>	<u>1,867,876.85</u>	<u>1,836,787.93</u>	<u>1,836,840.91</u>	<u>1,944,918.30</u>	<u>2,004,903.77</u>	<u>2,070,855.13</u>	<u>2,122,881.91</u>	<u>2,206,012.80</u>	<u>2,246,535.49</u>	<u>2,216,346.93</u>	
6. 2005-2007 Financial Incentive incl. in balance		195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	195,030.70	
Ending Balance Subject to Carry Cost <sup>1</sup> 7. (Line 5-6)		1,577,338.09	1,641,186.62	1,672,846.15	1,641,757.23	1,641,810.21	1,749,887.60	1,809,873.07	1,875,824.43	1,927,851.21	2,010,982.10	2,051,504.79	2,021,316.23	
8. Monthly Carry Cost <sup>2</sup> (Line 7 x .00665)		10,489.30	10,913.89	11,124.43	10,917.69	10,918.04	11,636.75	12,035.66	12,474.23	12,820.21	13,373.03	13,642.51	13,441.75	143,787.48
9. Cumulative Carry Cost		163,036.59	173,950.48	185,074.91	195,992.59	206,910.63	218,547.38	230,583.04	243,057.27	255,877.48	269,250.51	282,893.02	296,334.77	
<b>Ending Balance</b> 10. <b>(Line 5+9)</b>		<u><b>2,031,133.03</b></u>	<u><b>1,935,405.38</b></u>	<u><b>2,010,167.80</b></u>	<u><b>2,052,951.75</b></u>	<u><b>2,032,780.52</b></u>	<u><b>2,043,751.54</b></u>	<u><b>2,163,465.68</b></u>	<u><b>2,235,486.80</b></u>	<u><b>2,313,912.40</b></u>	<u><b>2,378,759.40</b></u>	<u><b>2,475,263.31</b></u>	<u><b>2,529,428.51</b></u>	<u><b>2,512,681.70</b></u>

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge has not been applied to the 2005, 2006, and 2007 financial incentives.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

Minnesota Energy Resources - NMU  
CIP Tracker Balance Calculation

Docket No. G011/M-09-438

	2010 Ending Balance	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	2011 Total
1. Beginning Balance (excl. carry cost)		2,216,346.93	1,677,533.26	1,275,446.11	951,769.46	752,293.54	234,875.37	167,140.48	105,038.46	69,740.64	138,869.64	129,269.66	81,407.79	
2. Expenses		61,132.97	94,995.18	89,280.54	136,975.09	182,661.57	85,914.05	60,347.59	56,816.03	180,585.01	131,536.99	184,402.19	431,750.18	1,696,397.39
3. Recoveries Recovery Adjustment <sup>4</sup>		599,946.64	497,082.32	412,957.19	336,451.01	251,553.33	153,648.94	122,449.61	92,113.85	111,456.01	141,136.96	232,264.06	351,505.92	3,302,565.84
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	-	-
5. Sub Balance (excl. carry costs) (Line 1+2-3+4)	2,216,346.93	1,677,533.26	1,275,446.11	951,769.46	752,293.54	234,875.37	167,140.48	105,038.46	69,740.64	138,869.64	129,269.66	81,407.79	161,652.06	
6. 2005-2007 Financial Incentive incl. in balance		195,030.70	116,414.70	116,414.70	116,414.70	116,414.70	116,414.70	-	-	-	-	-	-	
7. CCRA Exemption included in balance <sup>3</sup>		-	89,712.48	172,049.55	248,746.56	319,065.44	361,323.98	278,986.91	345,021.11	335,234.03	333,356.61	211,855.20	140,789.74	
8. Ending Balance Subject to Carry Cost <sup>1</sup> (Line 5-6-7)		1,482,502.56	1,069,318.94	663,305.21	387,132.28	(200,604.77)	(310,598.20)	(173,948.45)	(275,280.47)	(196,364.39)	(204,086.95)	(130,447.41)	20,862.32	
9. Monthly Carry Cost <sup>2</sup> (Line 8 x .00665)		9,858.64	7,110.97	4,410.98	2,574.43	(1,334.02)	(2,065.48)	(1,156.76)	(1,830.62)	(1,305.82)	(1,357.18)	(867.48)	138.73	14,176.41
10. Cumulative Carry Cost	296,334.77	306,193.41	313,304.38	317,715.36	320,289.79	318,955.77	316,890.29	315,733.54	313,902.92	312,597.10	311,239.92	310,372.44	310,511.18	
11. Ending Balance (Line 5+10)	2,512,681.70	1,983,726.67	1,588,750.50	1,269,484.82	1,072,583.34	553,831.14	484,030.77	420,772.00	383,643.56	451,466.73	440,509.58	391,780.24	472,163.23	

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge was not applied to the 2005, 2006, and 2007 financial incentives.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835. Carry credit set at prime rate.

<sup>3</sup> Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

<sup>4</sup> Amount related to 2 customers not being charged the CCRC in their rates.

Minnesota Energy Resources - NMU  
CIP Tracker Balance Calculation

Docket No. G011/M-09-438

	2011 Ending Balance	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	2012 Total
Beginning Balance (excl. carry cost)														
1.		161,652.06	(203,797.82)	(525,149.01)	(641,942.45)	(850,706.90)	(1,293,414.37)	(1,163,361.20)	(1,095,289.49)	(1,040,475.02)	(907,071.99)	(1,041,920.99)	(1,010,345.17)	
2. Expenses		41,382.19	125,255.64	228,266.32	34,292.13	97,466.47	236,171.89	150,812.89	135,886.81	231,461.04	7,894.62	210,016.80	1,018,277.79	2,517,184.59
3. Recoveries		406,832.07	446,606.84	345,059.75	243,056.58	181,781.92	106,118.72	82,741.18	81,072.34	98,058.02	142,743.62	178,440.98	324,525.88	2,637,037.88
3a. Prior year recoveries <sup>4</sup>						358,392.02								358,392.02
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Balance (excl. carry costs) 5. (Line 1+2-3+4)	161,652.06	(203,797.82)	(525,149.01)	(641,942.45)	(850,706.90)	(1,293,414.37)	(1,163,361.20)	(1,095,289.49)	(1,040,475.02)	(907,071.99)	(1,041,920.99)	(1,010,345.17)	(316,593.25)	
6. CCRA Exemption included in balance <sup>3</sup>		64,285.93	-	-	-	-	-	-	-	-	-	-	-	
Ending Balance Subject to Carry Cost <sup>1</sup> 7. (Line 5-6)		(268,083.75)	(525,149.01)	(641,942.45)	(850,706.90)	(1,293,414.37)	(1,163,361.20)	(1,095,289.49)	(1,040,475.02)	(907,071.99)	(1,041,920.99)	(1,010,345.17)	(316,593.25)	
8. Monthly Carry Cost <sup>2</sup> (Line 7 x .00665)		(1,782.76)	(3,492.24)	(4,268.92)	(5,657.20)	(8,601.21)	(7,736.35)	(7,283.68)	(6,919.16)	(6,032.03)	(6,928.77)	(6,718.80)	(2,105.35)	(67,526.45)
9. Cumulative Carry Cost	310,511.18	308,728.42	305,236.18	300,967.26	295,310.06	286,708.85	278,972.50	271,688.83	264,769.67	258,737.64	251,808.86	245,090.07	242,984.72	
10. <b>Ending Balance (Line 5+9)</b>	<b>472,163.24</b>	<b>104,930.60</b>	<b>(219,912.84)</b>	<b>(340,975.19)</b>	<b>(555,396.84)</b>	<b>(1,006,705.52)</b>	<b>(884,388.70)</b>	<b>(823,600.66)</b>	<b>(775,705.35)</b>	<b>(648,334.36)</b>	<b>(790,112.13)</b>	<b>(765,255.10)</b>	<b>(73,608.53)</b>	

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge was not applied to the 2005, 2006, and 2007 financial incentives.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

<sup>3</sup> Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

<sup>4</sup> Amount related to 2 customers not being charged the CCRC in their rates. See rate case Docket No. XXXXXXXXX

Minnesota Energy Resources - NMU  
CIP Tracker Balance Calculation

Docket No. G011/M-09-438

	2012 Ending Balance	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013 Total
Beginning Balance														
1. (excl. carry cost)		(316,593.25)	(658,038.46)	(1,036,207.29)	(1,334,266.26)	(1,592,316.36)	(1,811,663.11)	(1,936,847.83)	(2,015,507.68)	(2,075,011.52)	(2,139,410.39)	(2,227,256.58)	(2,405,650.49)	
2. Recoveries		341,445.21	378,168.82	298,058.97	258,050.11	219,346.75	125,184.71	78,659.85	59,503.84	64,398.88	87,846.19	178,393.91	272,503.08	2,361,560.32
3. Incentives		-	-	-	-	-	-	-	-	-	-	-	2,286,163.45	2,286,163.45
Sub Balance (excl. carry costs)														
4. (Line 1+2-3+4)	(316,593.25)	(658,038.46)	(1,036,207.29)	(1,334,266.26)	(1,592,316.36)	(1,811,663.11)	(1,936,847.83)	(2,015,507.68)	(2,075,011.52)	(2,139,410.39)	(2,227,256.58)	(2,405,650.49)	(391,990.12)	
Monthly Carry Cost <sup>2</sup>														
5. (Line 7 x .00652)		(4,290.41)	(6,756.07)	(8,699.42)	(10,381.90)	(11,812.04)	(12,628.25)	(13,141.11)	(13,529.08)	(13,948.96)	(14,521.71)	(15,684.84)	(2,555.78)	(127,949.56)
6. Cumulative Carry Cost	242,984.73	238,694.32	231,938.25	223,238.83	212,856.93	201,044.89	188,416.64	175,275.53	161,746.45	147,797.50	133,275.78	117,590.94	115,035.17	
Ending Balance														
7. (Line 4+6)	(73,608.52)	(419,344.15)	(804,269.04)	(1,111,027.43)	(1,379,459.43)	(1,610,618.23)	(1,748,431.19)	(1,840,232.15)	(1,913,265.06)	(1,991,612.90)	(2,093,980.80)	(2,288,059.55)	(276,954.96)	

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977

**Minnesota Energy Resources - PNG  
CIP Tracker Balance Calculation**

**Attachment A**

	<b>2008 Ending Balance</b>	<b>Jan-09</b>	<b>Feb-09</b>	<b>Mar-09</b>	<b>Apr-09</b>	<b>May-09</b>	<b>Jun-09</b>	<b>Jul-09</b>	<b>Aug-09</b>	<b>Sep-09</b>	<b>Oct-09</b>	<b>Nov-09</b>	<b>Dec-09</b>	<b>2009 Total</b>
1. Beginning Balance (excl. carry cost)		3,524,930.82	3,366,715.15	3,319,598.32	3,379,331.75	3,456,683.60	3,492,502.26	3,770,505.57	4,035,462.24	4,170,210.26	4,332,201.04	4,431,637.35	4,494,496.54	
2. Expenses		52,465.09	142,954.65	210,812.90	195,597.46	112,283.16	338,967.67	318,545.20	183,996.41	213,998.43	171,222.11	168,252.02	520,276.12	2,629,371.22
3. Recoveries		210,680.76	190,071.49	151,079.46	118,245.61	76,464.51	60,964.36	53,588.53	49,248.39	52,007.66	71,785.80	105,392.83	130,394.57	1,269,923.95
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	886,631.00	886,631.00
5. Sub Balance (excl. carry costs) (Line 1+2-3+4)		<u>3,366,715.15</u>	<u>3,319,598.32</u>	<u>3,379,331.75</u>	<u>3,456,683.60</u>	<u>3,492,502.26</u>	<u>3,770,505.57</u>	<u>4,035,462.24</u>	<u>4,170,210.26</u>	<u>4,332,201.04</u>	<u>4,431,637.35</u>	<u>4,494,496.54</u>	<u>5,771,009.09</u>	
6. Financial Incentive incl. in balance		380,631.15	380,631.15	380,631.15	380,631.15	380,631.15	380,631.15	380,631.15	380,631.15	380,631.15	380,631.15	380,631.15	1,267,262.15	
7. Ending Balance Subject to Carry Cost <sup>1</sup> (Line 5-6)		2,986,084.00	2,938,967.17	2,998,700.60	3,076,052.45	3,111,871.11	3,389,874.42	3,654,831.09	3,789,579.11	3,951,569.89	4,051,006.20	4,113,865.39	4,503,746.94	
8. Monthly Carry Cost <sup>2</sup> (Line 7 x .00665)		19,857.46	19,544.13	19,941.36	20,455.75	20,693.94	22,542.66	24,304.63	25,200.70	26,277.94	26,939.19	27,357.20	29,949.92	283,064.89
9. Cumulative Carry Cost		118,071.31	137,615.44	157,556.80	178,012.55	198,706.49	221,249.16	245,553.78	270,754.48	297,032.42	323,971.61	351,328.82	381,278.74	
10. <b>Ending Balance (Line 5+9)</b>		<u><b>3,623,144.66</b></u>	<u><b>3,484,786.46</b></u>	<u><b>3,457,213.76</b></u>	<u><b>3,536,888.55</b></u>	<u><b>3,634,696.15</b></u>	<u><b>3,691,208.75</b></u>	<u><b>3,991,754.73</b></u>	<u><b>4,281,016.03</b></u>	<u><b>4,440,964.75</b></u>	<u><b>4,629,233.46</b></u>	<u><b>4,755,608.96</b></u>	<u><b>4,845,825.36</b></u>	<u><b>6,152,287.83</b></u>

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge has not been applied to the 2005, 2006, and 2007 financial incentives.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

**Minnesota Energy Resources - PNG  
CIP Tracker Balance Calculation**

	<b>2009 Ending Balance</b>	<b>Jan-10</b>	<b>Feb-10</b>	<b>Mar-10</b>	<b>Apr-10</b>	<b>May-10</b>	<b>Jun-10</b>	<b>Jul-10</b>	<b>Aug-10</b>	<b>Sep-10</b>	<b>Oct-10</b>	<b>Nov-10</b>	<b>Dec-10</b>	<b>2010 Total</b>
1. Beginning Balance (excl. carry cost)		5,771,009.09	5,488,023.06	5,751,400.75	5,991,089.13	5,989,358.90	6,185,679.22	6,657,315.56	6,938,553.34	7,367,463.08	7,699,233.68	8,589,263.53	8,862,356.88	
2. Expenses		102,455.06	611,832.42	522,646.35	185,470.85	325,852.71	584,078.07	403,989.13	563,789.45	462,234.49	474,618.79	485,049.12	1,482,501.46	6,204,517.90
3. Recoveries		385,441.09	348,454.73	282,957.98	187,201.07	129,532.40	112,441.72	122,751.35	134,879.71	130,463.90	113,514.94	211,955.77	1,025,242.17	3,184,836.83
4. Incentives		-	-	-	-	-	-	-	-	-	528,926.00	-	-	528,926.00
Sub Balance (excl. carry costs) 5. (Line 1+2-3+4)		<u>5,488,023.06</u>	<u>5,751,400.75</u>	<u>5,991,089.13</u>	<u>5,989,358.90</u>	<u>6,185,679.22</u>	<u>6,657,315.56</u>	<u>6,938,553.34</u>	<u>7,367,463.08</u>	<u>7,699,233.68</u>	<u>8,589,263.53</u>	<u>8,862,356.88</u>	<u>9,319,616.16</u>	
2005-2007 Financial 6 Incentive incl. in balance		1,267,262.15	1,267,262.15	1,267,262.15	1,267,262.15	1,267,262.15	1,267,262.15	1,267,262.15	1,267,262.15	886,631.00	886,631.00	886,631.00	886,631.00	
Ending Balance Subject to Carry Cost <sup>1</sup> 7 (Line 5-6)		4,220,760.91	4,484,138.60	4,723,826.98	4,722,096.75	4,918,417.07	5,390,053.41	5,671,291.19	6,100,200.93	6,812,602.68	7,702,632.53	7,975,725.88	8,432,985.16	
Monthly Carry Cost <sup>2</sup> 8 (Line 7 x .00665)		28,068.06	29,819.52	31,413.45	31,401.94	32,707.47	35,843.86	37,714.09	40,566.34	45,303.81	51,222.51	53,038.58	56,079.35	473,178.97
9. Cumulative Carry Cost		409,346.80	439,166.32	470,579.77	501,981.71	534,689.19	570,533.04	608,247.13	648,813.47	694,117.27	745,339.78	798,378.36	854,457.71	
<b>Ending Balance</b> 10. <b>(Line 5+9)</b>		<u><b>6,152,287.83</b></u>	<u><b>5,897,369.86</b></u>	<u><b>6,190,567.08</b></u>	<u><b>6,461,668.90</b></u>	<u><b>6,491,340.62</b></u>	<u><b>6,720,368.40</b></u>	<u><b>7,227,848.61</b></u>	<u><b>7,546,800.47</b></u>	<u><b>8,016,276.55</b></u>	<u><b>8,393,350.95</b></u>	<u><b>9,334,603.31</b></u>	<u><b>9,660,735.23</b></u>	<u><b>10,174,073.87</b></u>

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge has not been applied to the 2005, 2006, and 2007 financial incentives. The 2005 incentive was recovered from the balance in September 2010 and removed from number 6.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

Minnesota Energy Resources - PNG  
CIP Tracker Balance Calculation

Docket No. G011/M-09-438

	2010 Ending Balance	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	2011 Total
1. Beginning Balance (excl. carry cost)		9,319,616.16	8,362,324.47	7,572,518.88	7,142,016.13	7,116,011.49	7,094,569.56	7,216,284.80	7,215,459.21	7,218,935.57	7,555,262.55	7,835,469.36	8,035,858.72	
2. Expenses		333,154.25	411,469.53	561,007.14	685,910.33	509,005.66	444,940.89	274,774.72	293,005.59	628,524.12	630,790.22	662,282.63	935,910.75	6,370,775.83
3. Recoveries		1,290,445.94	1,201,275.12	991,509.89	711,914.97	530,447.59	323,225.65	275,600.31	289,529.23	292,197.14	350,583.41	461,893.27	790,624.47	7,509,246.99
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Balance (excl. carry costs) 5. (Line 1+2-3+4)	9,319,616.16	8,362,324.47	7,572,518.88	7,142,016.13	7,116,011.49	7,094,569.56	7,216,284.80	7,215,459.21	7,218,935.57	7,555,262.55	7,835,469.36	8,035,858.72	8,181,145.00	
6. 2006-2007 Financial Incentive incl. in balance		886,631.00	-	-	-	-	-	-	-	-	-	-	-	
7. CCRA Exemption included in balance <sup>3</sup>		-	71,243.94	130,905.72	199,057.47	257,171.94	313,155.46	371,220.44	428,334.15	491,736.54	556,019.20	617,742.75	683,466.67	
8. Ending Balance Subject to Carry Cost <sup>1</sup> (Line 5-6-7)		7,475,693.47	7,501,274.94	7,011,110.41	6,916,954.02	6,837,397.62	6,903,129.34	6,844,238.77	6,790,601.42	7,063,526.01	7,279,450.16	7,418,115.97	7,497,678.33	
9. Monthly Carry Cost <sup>2</sup> (Line 8 x .00665)		49,713.36	49,883.48	46,623.88	45,997.74	45,468.69	45,905.81	45,514.19	45,157.50	46,972.45	48,408.34	49,330.47	49,859.56	568,835.48
10. Cumulative Carry Cost	854,457.71	904,171.07	954,054.55	1,000,678.43	1,046,676.18	1,092,144.87	1,138,050.68	1,183,564.87	1,228,722.37	1,275,694.82	1,324,103.16	1,373,433.63	1,423,293.19	
11. Ending Balance (Line 5+10)	10,174,073.87	9,266,495.54	8,526,573.43	8,142,694.57	8,162,687.67	8,186,714.43	8,354,335.48	8,399,024.08	8,447,657.94	8,830,957.37	9,159,572.52	9,409,292.35	9,604,438.19	

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge was not applied to the 2006 and 2007 financial incentives.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

<sup>3</sup> Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

Minnesota Energy Resources - PNG  
CIP Tracker Balance Calculation

	2011 Ending Balance	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	2012 Total
1. Beginning Balance (excl. carry cost)		8,181,145.00	7,504,033.18	6,834,300.25	6,840,290.30	6,566,924.95	6,737,133.13	7,371,753.04	7,813,261.24	8,020,404.87	8,599,981.38	8,561,609.30	8,776,369.54	
2. Expenses		261,755.13	309,751.00	806,786.65	162,541.70	529,430.83	871,599.94	655,713.36	462,312.05	787,392.94	266,004.58	704,938.19	1,615,606.21	7,433,832.58
3. Recoveries		938,866.95	979,483.93	800,796.60	435,907.06	359,222.64	236,980.04	214,205.16	255,168.41	207,816.43	304,376.66	490,177.94	672,372.26	5,895,374.09
4. Incentives		-	-	-	-	-	-	-	-	-	-	-	-	-
5. Sub Balance (excl. carry costs) (Line 1+2-3+4)	8,181,145.00	7,504,033.18	6,834,300.25	6,840,290.30	6,566,924.95	6,737,133.13	7,371,753.04	7,813,261.24	8,020,404.87	8,599,981.38	8,561,609.30	8,776,369.54	9,719,603.49	
6. CCRA Exemption included in balance <sup>3</sup>		702,278.19	724,471.36	744,790.18	765,744.58	714,533.33	729,809.40	742,441.18	697,068.24	713,672.25	729,145.42	677,240.56	583,003.16	
7. Ending Balance Subject to Carry Cost <sup>1</sup> (Line 5-6)		6,801,754.99	6,109,828.89	6,095,500.12	5,801,180.37	6,022,599.80	6,641,943.64	7,070,820.06	7,323,336.63	7,886,309.13	7,832,463.88	8,099,128.98	9,136,600.33	
8. Monthly Carry Cost <sup>2</sup> (Line 7 x .00665)		45,231.67	40,630.36	40,535.08	38,577.85	40,050.29	44,168.93	47,020.95	48,700.19	52,443.96	52,085.88	53,859.21	60,758.39	564,062.75
9. Cumulative Carry Cost	1,423,293.19	1,468,524.86	1,509,155.22	1,549,690.30	1,588,268.15	1,628,318.44	1,672,487.36	1,719,508.32	1,768,208.50	1,820,652.46	1,872,738.34	1,926,597.55	1,987,355.94	
10. Ending Balance (Line 5+10)	<b>9,604,438.19</b>	<b>8,972,558.04</b>	<b>8,343,455.47</b>	<b>8,389,980.60</b>	<b>8,155,193.09</b>	<b>8,365,451.57</b>	<b>9,044,240.40</b>	<b>9,532,769.55</b>	<b>9,788,613.38</b>	<b>10,420,633.84</b>	<b>10,434,347.64</b>	<b>10,702,967.09</b>	<b>11,706,959.44</b>	

<sup>1</sup> Per the Commission's June 29, 2009 Order in Docket No. G007,011/GR-08-835, a carrying charge was not applied to the 2006 and 2007 financial incentives.

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.98% as approved by the Commission in Docket No. G007,011/GR-08-835.

<sup>3</sup> Per the January 24, 2011 Commission Order in Docket G-011/M-10-407



	2012 Ending Balance	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	2013 Total
1. Beginning Balance (excl. carry cost)		9,719,603.49	8,960,625.57	8,139,054.47	7,449,757.56	6,854,640.65	6,411,013.68	6,306,750.75	6,128,592.23	5,985,623.70	5,798,424.91	5,570,167.38	5,099,386.08	
2. Recoveries	[TRADE SECRET DATA BEGINS...]	758,977.92	821,571.11	689,296.91	595,116.91	443,626.97	222,621.05	158,918.52	156,805.56	151,525.79	188,075.33	430,599.08	697,466.46	5,314,601.62
2.a. 3M														
2.b. PM Windom														
2.c. Spectro Alloys														
2.d. Toro														
2.e. Adjust for RPU refund														
3. Incentives		-	-	-	-	-	-	-	-	-	-	-	5,320,536.54	5,320,536.54
Sub Balance (excl. carry costs)														
4. (Line 1+2-3+4)	9,719,603.49	8,960,625.57	8,139,054.47	7,449,757.56	6,854,640.65	6,411,013.68	6,306,750.75	6,128,592.23	5,985,623.70	5,798,424.91	5,570,167.38	5,099,386.08	9,682,273.95	
5. CCRA Exemption included in balance <sup>3</sup>		479,955.83	427,973.44	373,311.58	322,291.84	332,733.29	332,733.29	267,009.37	267,009.37	248,197.85	248,197.85	226,004.68	205,685.86	
6. Ending Balance Subject to Carry Cost (Line 4-5)		8,480,669.74	7,711,081.03	7,076,445.98	6,532,348.81	6,078,280.38	5,974,017.46	5,861,582.86	5,718,614.33	5,550,227.06	5,321,969.53	4,873,381.40	9,476,588.09	
7. Monthly Carry Cost <sup>2</sup> (Line 6 x .00652)		55,293.97	50,276.25	46,138.43	42,590.91	39,630.39	38,950.59	38,217.52	37,285.37	36,187.48	34,699.24	31,774.45	61,787.35	512,831.95
8. Cumulative Carry Cost	1,987,355.94	2,042,649.91	2,092,926.16	2,139,064.58	2,181,655.50	2,221,285.89	2,260,236.48	2,298,454.00	2,335,739.36	2,371,926.85	2,406,626.09	2,438,400.53	2,500,187.89	
9. Ending Balance (Line 4+8)	11,706,959.43	11,003,275.48	10,231,980.62	9,588,822.14	9,036,296.15	8,632,299.56	8,566,987.23	8,427,046.23	8,321,363.07	8,170,351.76	7,976,793.46	7,537,786.62	12,182,461.84	

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...TRADE SECRET DATA ENDS]

<sup>2</sup> Carry Cost charge set at Rate of Return of 7.8275% as approved by the Commission in Docket No. G007,011/GR-10-977

<sup>3</sup> Per the January 24, 2011 Commission Order in Docket G-011/M-10-407

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA            )  
  ) ss  
COUNTY OF HENNEPIN        )

Kristin M. Stastny hereby certifies that on the 25th day of August, 2014, on behalf of Minnesota Energy Resources Corporation (MERC) she electronically filed a true and correct copy of MERC's Revised Petition for Approval of 2013 CIP Tracker Account, DSM Financial Incentive, and Conservation Cost Recovery Adjustment on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). A summary of this filing was also served via U.S. mail and electronic service as designated on the attached service list.

/s/ Kristin M. Stastny  
Kristin M. Stastny

Subscribed and sworn to before me  
This 25th day of August, 2014.

/s/ Alice Jaworski  
Notary Public, State of Minnesota

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Robert	Walsh	bwalsh@mnvalleyrec.com	Minnesota Valley Coop Light and Power	PO Box 248 501 S 1st St Montevideo, MN 56265	Electronic Service	No	OFF_SL_14-369_M-14-369
Gregory	Walters	gjwalters@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW  Rochester, MN 55901	Electronic Service	No	OFF_SL_14-369_M-14-369

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