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October 28, 2025

VIA ELECTRONIC FILING

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

Re: Compliance Filing from Minnesota Energy Resources Corporation

In the Matter of a Commission Investigation into Gas Utility Resource
Planning
Docket No. G-011/CI-23-117
In the Matter of a Commission Evaluation of Changes to Natural Gas
Utility Regulatory and Policy Structures to Meet State Greenhouse Gas
Reduction Goals
Docket No. G-999/CI-21-565

Dear Ms. Bergman:

On October 28, 2024, the Minnesota Public Utilities Commission (“Commission”) issued its Order Clarifying and Expanding Framework for Natural Gas Integrated Resource Planning in the above-referenced dockets. Order Point 52 of the Commission’s Order required the following:

52. CenterPoint, MERC, and Xcel must report methane emissions from natural gas distribution system operations using available reporting protocols in the natural gas integrated resource plan until a system specific leakage estimate derived from measured leakage from the utility distribution system is available. Within 12 months of the October 28, 2024 order, each utility shall file a report including the capital and O&M costs of procedures for system specific leakage rates measurements and a description of their current practices.

Minnesota Energy Resources Corporation (“MERC” or the “Company”) submits this Compliance Filing to provide information on current practices for leakage rate measurements and the capital and O&M costs of procedures for obtaining system-specific leakage rates measurements.

Current Practices

The Company's current method of estimating annual greenhouse gas ("GHG") emissions is the reporting required via Code of Federal Regulations ("CFR"), Title 40-Protection of the Environment, Chapter I-Environmental Protection Agency ("EPA"), SubChapter C-Air Programs, Part 98-Mandatory Greenhouse Gas Report, collectively referred to as 40 CFR Part 98. This methodology provides an estimate of annual GHG emissions based on footage and type of distribution pipe, not actual leaks.

While the Company currently detects leaks on its system, the current leak detection equipment does not quantify a volume or measurement.

System Specific Leakage Rate Measurements

On January 17, 2025, the federal Pipeline Inspection, Protection, Enforcement and Safety Act and Pipeline and Hazardous Materials Safety Administration ("PHMSA") issued a final rule called the Gas Pipeline Leak Detection and Repair ("LDAR") rule, aimed at modernizing leak detection and repair requirements for natural gas pipeline operators. The rule was transmitted to the Federal Register for publication¹ but was subsequently withdrawn due to a Regulatory Freeze Pending Review executive order issued by President Trump on January 20, 2025.² The executive order instructed agencies to withdraw any rules that had been sent to the Office of the Federal Register but not yet published.

PHMSA's LDAR rule contains significant new requirements intended to reduce natural gas/methane emissions. The final rule addresses several key areas, including existing leak backlogs, distribution leak survey requirements, leak grading and repair timelines, the repair of leaks on pipeline segments slated for replacement, the development of Advanced Methane Leak Detection ("AMLD") programs, failure investigation procedures, mitigation of vented emissions, and reporting requirements for large-volume gas releases. Compliance with the final rule transmitted by PHMSA in January 2025 would require, at a minimum, updates to procedures, practices, work management systems, training, qualifications, and acquiring new instrumentation/tooling. Additionally, compliance with LDAR would afford MERC the ability to develop a system-specific leakage rate.

Because of pending status, and uncertainty regarding the timing and parameters of the final rule, MERC has not moved forward with implementing procedures to

¹ Department of Transportation, PHMSA, 49 CFR Parts 191, 192, and 193, Docket No. PHMSA-2021-0039; Amendment Nos. 191-33, 192-138, 193-26, RIN 2137-AF51, available at

<https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2025-01/PHMSA%20Final%20Rule%20-%20Gas%20Pipeline%20Leak%20Detection%20and%20Repair%20-%20As%20submitted.pdf>.

² <https://www.whitehouse.gov/presidential-actions/2025/01/regulatory-freeze-pending-review/>

comply with LDAR requirements. That being said, the Company has conducted an estimate of the capital and operations and maintenance (“O&M”) expenditures of complying with LDAR. Please see Table 1 below for the portion of the estimate applicable to implementing an AMLD program which allows for developing a system-specific leakage rate.

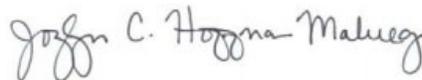
Table 1: Capital and O&M Costs

	Annual Forecasted O&M	Annual Forecasted Capital	Annual Forecasted Total
AMLD program which allows for developing a system-specific leakage rate	\$2,100,000	\$2,250,000	\$4,350,000

Regarding the cost estimate provided in Table 1, MERC notes that if the Company were to implement the AMLD program, the split between capital and O&M could vary depending on what technology is used and the final LDAR requirements. For example, some companies will sell their technology and others will only provide it on a service contract or lease arrangement. Therefore, depending on what technology is utilized, the costs for the AMLD equipment in Table 1 could shift between forecasted O&M and forecasted capital. In Table 1, MERC forecasted that three leak detection vehicles would be required and would result in an ongoing annual capital cost of \$1.5M. The remainder of the costs in Table 1 are for operation of the vehicles, survey staffing, program management, and staffing and capital associated with repairing the increased volume of leaks and surveys. The estimates in Table 1 do not include any added programs to mitigate venting or large volume releases.

If you have any questions regarding this filing, please contact me at (414) 221-4208 or joylyn.hoffmanmalueg@wecenergygroup.com.

Respectfully submitted,



Joylyn Hoffman Malueg
Senior Project Specialist
Minnesota Energy Resources Corporation

cc: Service List

In the Matter of a Commission Investigation
into Gas Utility Resource Planning Docket Nos. G002, G008, G011/CI-23-117

CERTIFICATE OF SERVICE

I, Colleen T. Sipiorski, hereby certify that on the 28th day of October, 2025, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Compliance Filing of MERC 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 28th day of October, 2025.

/s/ Colleen T. Sipiorski
Colleen T. Sipiorski

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