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January 25, 2019

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VIA ELECTRONIC FILING

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

Re: Minnesota Energy Resources Corporation's Answer to OAG's Petition for Reconsideration

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

Docket No. G011/GR-17-563

Dear Mr. Wolf:

Enclosed for filing in the above-referenced matter, please find Minnesota Energy Resources Corporation's Answer to the Petition for Reconsideration of the Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division.

Thank you for your attention to this matter. Please feel free to contact me at (612) 977-8624 if you have any questions.

Sincerely,

/s/ Elizabeth M. Brama

Elizabeth M. Brama

Enclosure
cc: Service List

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Dan Lipschultz	Vice Chair
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota	Docket No. G011/GR-17-563

MINNESOTA ENERGY RESOURCES CORPORATION'S ANSWER TO THE PETITION FOR RECONSIDERATION OF THE MINNESOTA OFFICE OF THE ATTORNEY GENERAL

January 25, 2019

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I. INTRODUCTION

Pursuant to Minn. R. 7829.3000, subp. 4, Minnesota Energy Resources Corporation ("MERC" or the "Company") submits this Answer to the January 15, 2019, Petition for Reconsideration filed by the Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division (the "OAG"). In its Petition, the OAG asks the Minnesota Public Utilities Commission (the "Commission") to reconsider its December 26, 2018, Findings of Fact, Conclusions, and Order ("Order"), with respect to MERC's authorized return on equity ("ROE") in this proceeding. MERC respectfully submits that reconsideration is unwarranted and should be denied.

Specifically, the OAG asserts that the Commission's ROE analysis "unlawfully and unreasonably relied on testimony that should not have been admitted into the record" and that the Commission "impermissibly considered a series of factors that are not allowed by Minnesota law."[1] However, testimony pre-filed by Department of Commerce, Division of Energy Resources (the "Department") witness Dr. Eilon Amit, but withdrawn days before hearing, was lawfully admitted under Minnesota statutes and rules. The Department's proposal to fully withdraw two pieces of its ROE testimony in this case is unprecedented so far as the Company is aware. The Administrative Law Judge's ("ALJ's") careful consideration of this unusual situation and decision to allow MERC to admit Dr. Amit's Rebuttal and Surrebuttal Testimonies as demonstrative exhibits, along with an exhibit showing MERC's ROE witness' recreation of Dr. Amit's calculations, was appropriate under the circumstances, and consistent with applicable law. Parties relied on Dr. Amit's testimony throughout the case, providing pre-filed responsive

[1] OAG Petition at 1. MERC notes that the Department did not submit a request for reconsideration, despite being the party that originally filed (and subsequently withdrew) the testimony being contested here. The Company does not know whether the Department will choose to file a response to the OAG's Petition, but would be concerned if there is a supportive response with argument that could have been provided with a petition for reconsideration, especially since replies are not permitted. In any event, MERC submits that no reconsideration to the ROE decision is warranted.

testimony before the Department withdrew Dr. Amit's recommendations. Likewise, MERC's expert witness was able to recreate Dr. Amit's Rebuttal and Surrebuttal models and explain where the parties differed. For the Commission to have the parties' discussions of Dr. Amit's analyses in the record without being able to also consider Dr. Amit's models and analyses themselves would be illogical. As such, the limited consideration of Dr. Amit's ROE analyses, which fell between MERC's higher and the OAG's lower proposed ROEs, was appropriate and consistent with Minnesota law.

Further, the Commission's written Order makes clear that its consideration of Dr. Amit's Discounted Cash Flow ("DCF") modeling calculations and analyses was only one basis supporting the Commission's ROE determination. Multiple alternative justifications were set forth in detail in the Order, which independently support the Commission's identified range of reasonable ROE results and the adopted 9.70 percent ROE, which was not specifically proposed by any individual party.

Finally, while consideration of performance-related factors in setting the ROE would be within the Commission's authority, the Order does not reflect that consideration of such factors was relevant in the Commission's decision. The Commission's ultimate determination and justifications are consistent with applicable law and supported by substantial evidence. Although the Company supported a higher ROE and continues to believe such an outcome would have been appropriate, at this time and under the unusual procedural occurrences in this case, MERC respectfully requests that the Commission simply decline to reconsider the matter.

II. THE COMMISSION'S RETURN ON EQUITY DECISION WAS BASED ON APPROPRIATE RECORD SUPPORT.

A. The Admission and Limited Reliance on Dr. Amit's Analyses Was Appropriate.

It is well settled under Minnesota law that the Commission has broad authority to consider and weigh evidence. The Commission acted well within this authority with respect to consideration of Dr. Amit's analyses and models in this case.

Pursuant to Minnesota law, "[a]ll evidence . . . in the possession of the agency of which it desires to avail itself or which is offered into evidence by a party to a contested case proceeding shall be made a part of the hearing record of the case."[2] The Commission has authority to "give probative effect to evidence which possesses probative value commonly accepted by reasonable prudent persons in the conduct of their affairs."[3] Further, the Commission may utilize its "experience, technical competence, and specialized knowledge in the evaluation of the evidence in the hearing record."[4] The appropriate weight to be given to a particular piece of evidence admitted into the record is for the judgment of the Commission.[5] In contrast, evidence may be excluded if it is found to be incompetent, irrelevant, immaterial, or repetitious.[6]

No party, including the OAG, has asserted that the testimony, modeling, or analyses of Dr. Amit is incompetent, irrelevant, immaterial, or repetitious. Nor can they, as Department ROE testimony is central to virtually all Minnesota rate cases. Rather, the OAG asserts the

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[2] Minn. Stat. § 14.60, subd. 2; *see also In the Matter of the Application of Minn. Power for Auth. to Increase Rates for Elec. Serv. in Minn.*, 838 N.W.2d 747 at 764 (Minn. 2013) ("Generally, the term 'evidence' refers to things such as testimony, documents, and tangible objects that tend to prove or disprove the existence of an alleged fact." (internal citations and quotations omitted)).

[3] Minn. Stat. § 14.60, subd. 1.

[4] Minn. Stat. § 14.60, subd. 4.

[5] *See In Matter of Wang*, 441 N.W.2d 488, 493 (Minn. 1989) ("[T]he weight of testimony is for the agency to decide."); *In re Excess Surplus of Blue Cross & Blue Shield of Minn.*, 624 N.W.2d 264, 278 (Minn. 2001) ("The agency decision-making is presumed to have the expertise necessary to decide technical matters within the scope of the agency's authority . . . We defer to an agency's conclusions regarding conflicts in testimony, the weight given to expert testimony, and the inferences to be drawn from testimony.").

[6] Minn. Stat. § 14.60, subd. 1.

admission of Dr. Amit's analyses should not have been permitted and the analyses should not have been considered because (1) no witness was available to be cross-examined on the analyses; (2) it lacks probative value because none of the other ROE witnesses in the proceeding fully agreed with the ultimate recommendations of Dr. Amit; and (3) the Department was entitled to withdraw the testimony from the record under the terms of the First Prehearing Order. These assertions are factually inaccurate and legally unsound, and should be rejected as such.

1. *Ms. Bulkley Was Available for Cross-Examination on the Amit Modeling.*

The OAG asserts that the Commission's decision was heavily informed by the unsworn testimony of Dr. Amit, which should not have been admitted into the record because "[p]arties did not have the opportunity to cross examine Dr. Amit *or any other witness* regarding his rebuttal or surrebuttal testimonies."[7] This is not correct. First, Company witness Ms. Ann Bulkley submitted recalculations of Dr. Amit's preferred ROE analyses from his Rebuttal and Surrebuttal Testimonies, and these calculations were admitted into the record. Ms. Bulkley was available to be cross-examined on her calculations and the methodology of Dr. Amit's Rebuttal and Surrebuttal modeling and results.[8] She has recreated his analyses many times and demonstrated her ability to discuss Dr. Amit's ROE analyses in detail.

The OAG raised its objection regarding the unavailability of Dr. Amit for cross-examination to the ALJ and was overruled after all parties were provided an opportunity to be heard.[9] Moreover, the OAG did not object to the admission of MERC's Exhibit 43, which was Ms. Bulkley's recreation of Dr. Amit's Rebuttal and Surrebuttal ROE modeling.[10]

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[7] OAG Petition at 5 (emphasis added).
[8] Commission Order at 25.
[9] Prehearing Conference Tr. at 29; Evidentiary Hearing Tr., Vol. 1 at 14.
[10] Evidentiary Hearing Tr., Vol. 1 at 26:8-27:4 ("Judge Lipman: Right. Up until Dr. Amit's unavailability, I believe that MERC was planning on giving Dr. Amit at least as to one or two of the calculations a big group hug and a kiss and their own gold star. . . . And with regret, he's not available to do that. And so they want to say through their own witness, the thing that we would have kissed the other guy for, we did ourselves when he became unavailable,

The Commission, through its Order, makes clear that it found Ms. Bulkley's calculations persuasive and fully considered the circumstances of Dr. Amit's unavailability and the nature of his testimony as an unsworn document in weighing the evidence and reaching its decision with respect to ROE:

> The Commission is ultimately not persuaded by the efforts of the Department's witness to cast doubt on Ann Bulkley's recreation of Dr. Amit's calculations. The Commission, having reviewed the contents of the record and, under the circumstances, considers the documentation of Dr. Amit's professional opinion, and in particular, the analytical method and calculations that gave rise to his ROE recommendation—whether or not the Department's witness adopted his testimony—to have at least some probative value as it pertains to the analysis of an appropriate cost of equity for the Company.[11]

The inability to cross-examine Dr. Amit himself does not undermine the reasonableness of the Commission's consideration of Dr. Amit's analyses. While Minn. Stat. § 14.60, subd. 3, provides that parties "shall have the right of cross-examination of witnesses who testify," there is no dispute that Dr. Amit did not testify at the hearing and yet the admission of his Direct Testimony was not contested by any party.

Consistently, the Administrative Procedure Act provides that "all evidence . . . in the possession of the agency of which it desires to avail itself or which is *offered into evidence by a party to a contested case proceeding, shall be made part of the hearing record of the case.*"[12] This requirement is not limited to pre-filed testimony where a witness is available to testify at a hearing. As the Commission articulated in its Order, MERC offered Dr. Amit's Rebuttal and

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and we think it's reasonable, come at me. So what do you think about that? Is that okay for direct? . . . Mr. Dobson: Your Honor, I'm fine with that on direct."); Evidentiary Hearing Tr., Vol. 1. at 59:21-23; Evidentiary Hearing Tr., Vol. 1 at 24:19-25:7 ("Judge Lipman: I think . . . any evidentiary weight would be Ms. Bulkley's credibility and . . . her assessment that the calculation that she likes, even though done by another person, is reasonable. . . Even though it was originally done by somebody else, I'm sponsoring it.").

[11] Commission Order at 25.

[12] Minn. Stat. § 14.60, subd. 2 (emphasis added).

Surrebuttal Testimonies as exhibits and those exhibits were properly a part of the record in this proceeding:

> At hearing, MERC offered Dr. Amit's prefiled rebuttal and surrebuttal testimony as evidence of what positions the Company and others in the proceeding were responding to. The testimony, which had been prefiled by a party subject to the ALJ's order, became documents marked as exhibits and admitted into the record by the ALJ. *They are unquestionably part of the record before the Commission. The Commission therefore considers them as part of the record, and weighs their probative value in light of all the available facts.*[13]

Likewise, the rules governing evidence in rate cases allow consideration of a wide variety of evidence not sponsored by a testifying witness. For example, the rules are unambiguous in expressly allowing the admission of hearsay evidence or other evidence on which reasonable, prudent people are accustomed to rely.[14] And treatises, such as publications by the National Association of Regulatory Utility Commissioners[15] and the Regulatory Assistance Project,[16] on which the OAG routinely relies, are regularly admitted into evidence. The pre-filed testimony of Dr. Amit is no different, regardless of whether he personally was made available for cross-examination.

2. *The Weight of the Evidence is for the Commission to Decide.*

The OAG asserts that Dr. Amit's analysis should have been excluded entirely from consideration in this proceeding on the grounds that "it does not possess probative value

[13] Commission Order at 24 (footnotes omitted) (emphasis added) (citing DOC EA-1 to Amit Direct, Dr. Amit's Professional Background and Education, which the Department did not withdraw).
[14] Minn. R. 1400.7300, subp. 1 ("The judge may admit all evidence which possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in the conduct of their serious affairs.").
[15] *See, e.g.*, Elec. Util. Cost Allocation Manual, NAT'L ASS'N OF REGULATORY UTIL. COMM'RS (Jan. 1992) (relied on by the OAG's class cost of service witness in MERC's previous rate case, Docket No. G011/GR-15-736).
[16] *See, e.g.*, Frederick Weston, *Charging for Distribution Utility Services: Issues in Rate Design*, REGULATORY ASSISTANCE PROJECT (2000) (relied on in Surrebuttal Testimony by the OAG's rate design witness in MERC's previous rate case, Docket No. G011/GR-15-736).

commonly accepted by reasonable prudent persons in the conduct of their affairs."[17] In particular, the OAG reasons that Dr. Amit's testimony and analyses must be lacking any probative value because none of the other ROE witnesses "agreed with the recommendation provided in Dr. Amit's rebuttal or surrebuttal testimonies or adopted his analysis."[18] To suggest that evidence lacks any probative value because it is not identical to the testimony of another witness is illogical and inconsistent with Minnesota law.

The Commission, in the exercise of its "experience, technical competence, and specialized knowledge in the evaluation of the evidence in the hearing record," concluded that the "documentation of Dr. Amit's professional opinion, and in particular, the analytical method and calculations that gave rise to his ROE recommendation—whether or not the Department's witness adopted his testimony—to have at least some probative value as it pertains to the analysis of an appropriate cost of equity for the Company."[19] In reaching that determination, the Commission reasonably and appropriately considered the unique and unprecedented circumstances and facts presented in this proceeding, including the Department's decision to withdraw support for the Rebuttal and Surrebuttal Testimonies of Dr. Amit but to continue to support Dr. Amit's Direct Testimony; the Department's replacement witness's inability to recreate Dr. Amit's calculations and unwillingness to support those calculations; and MERC's witness's recreation of Dr. Amit's calculations and testimony in support of the reasonableness of those calculations.[20]

[17] OAG Petition at 6.
[18] OAG Petition at 6.
[19] Commission Order at 25.
[20] Commission Order at 25 ("The Commission, having reviewed the contents of the record and, under the circumstances, considers the documentation of Dr. Amit's professional opinion, and in particular, the analytical method and calculations that gave rise to his ROE recommendation—whether or not the Department's witness adopted his testimony—to have at least some probative value as it pertains to the analysis of an appropriate cost of equity for the Company.").

While Ms. Bulkley did not agree with all aspects of Dr. Amit's models, she was able to recreate his analyses and answer questions regarding the reasonableness of those analyses. Further, it is standard practice for ROE experts in Minnesota rate cases to update their analyses and recommendations during the course of a proceeding to reflect the most current data available. However, earlier testimony is always admitted into the record, regardless of whether an expert's model or recommendations are subsequently updated. Ultimately, disagreements between the parties regarding the appropriate inputs and model assumptions or the correct ROE within a range do not undermine the admissibility of Dr. Amit's analyses, but rather go to the weight the Commission may choose to give it. The Commission's determinations regarding the weight to be given to evidence and inferences to be drawn from that evidence are fully articulated and supported in the Order and are entitled to deference.[21] As the ALJ recognized in admitting Dr. Amit's Rebuttal and Surrebuttal Testimonies, those documents possess strong indicia of reliability, despite the unavailability at the evidentiary hearing of the witness who prepared them.[22] The Department filed the Direct, Rebuttal, and Surrebuttal Testimonies of Dr. Amit in the normal course of this rate case proceeding, consistent with normal practice, and acknowledged that, indeed, that testimony was prepared by Dr. Amit. Presumably, "had not the sudden unavailability [of Dr. Amit] occurred, he would have raised his right hand [at the evidentiary hearing] and sworn and adopted that testimony."[23] Similarly, in determining the weight to give the evidence, the Commission reasonably considered the fact that Dr. Amit is a

[21] *In re Excess Surplus of Blue Cross & Blue Shield of Minn.*, 624 N.W.2d 264, 278 (Minn. 2001).
[22] Prehearing Conference Tr. at 20:4-21:8.
[23] Prehearing Conference Tr. at 12:17-21; *see also* Evidentiary Hearing Tr., Vol. 1 at 17:8 ("At the time that Dr. Amit wrote his rebuttal and surrebuttal testimony in response – in a question and answer format and they were filed by the Department, those were Dr. Amit's views.").

respected expert who has testified on rate of return issues in cases for over 30 years, a fact reflected in the exhibits sponsored and supported by the Department.[24]

The record clearly reflects that the Rebuttal and Surrebuttal Testimonies of Dr. Amit and the exhibit prepared by Ms. Bulkley showing the calculation of Dr. Amit's model results are the type of evidence on which reasonable, prudent people are accustomed to rely in the conduct of their serious affairs.

3. *The Commission's Consideration of Dr. Amit's Analyses Does Not Conflict with the ALJ's First Prehearing Order.*

Finally, the OAG argues that the ALJ's decision to admit the Rebuttal and Surrebuttal Testimonies of Dr. Amit was unlawful under one of the terms of the ALJ's First Prehearing Order, which provided that "pre-filed testimony that is not offered into the record, or stricken portions of pre-filed testimony, shall be considered withdrawn."[25] However, the application of this provision was discussed at length in MERC's response to the Department's letter proposing to withdraw the testimony[26] and at the Prehearing Conference.[27] The ALJ reasonably concluded that allowing MERC to introduce the Rebuttal and Surrebuttal Testimonies of Dr. Amit did provide the Department the full benefit of the provisions of the prehearing order, while also complying with the provisions of the Administrative Procedure Act and Minnesota Rules regarding the admission of evidence. In particular, as summarized on page 3 of MERC's July 9, 2018, letter:

[24] Commission Order at 24 (citing DOC Attachment EA-1 to Amit Direct (the testimony of Dr. Amit that was not withdrawn by the Department)).
[25] OAG Petition at 8.
[26] MERC's Response to Department Letter (July 9, 2018) (eDocket No. 20187-144602-01).
[27] Prehearing Conference Tr. at 26: 3-17 ("Judge Lipman: …[D]oes not the Department, DER, have the benefit of the withdrawal provision because its good name is not associated with the conclusions in rebuttal and surrebuttal? That we have separated Dr. Amit and his or her credibility from that of the Department as a party. . . . Don't they have the benefit of the withdrawal provisions by untangling? They're only sponsoring what they're sponsoring, the direct.").

> Minn. R. 1400.7300, subp. 1, . . . provides that "[t]he judge may admit all evidence which possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in the conduct of their serious affairs." Testimony that the Department acknowledges was prepared specifically for this case, by a respected and long-standing Department ROE analyst in Minnesota ratemaking proceedings, possesses "probative value" in addition to context for the remainder of the case.[28]

In allowing MERC to introduce the Rebuttal and Surrebuttal Testimonies of Dr. Amit, the ALJ very clearly gave effect to the prehearing order, contrary to the assertions made by the OAG.

B. Apart from Dr. Amit's Testimony, the Commission's Order Identifies Independent Support for its ROE Determination.

The OAG's assertion that the Commission relied on "Dr. Amit's testimony, almost to the exclusion of any of the testimony actually offered, in order to provide the foundation of its ROE decision"[29] does not accurately reflect the Commission's written Order in this case. Independent of the "modeling done by . . . Dr. Amit[,]"[30] the Commission's ROE decision in this case was also supported by "the two-growth DCF modeling done by the parties," and "by the other analytical approaches and contextual data in the record, which could support ROEs in a range from near 8% to near 11%."[31]

As reflected in the Order,

> The Commission … considered and weighed the relevant factors, which include, but are not limited to the relative objectivity, transparency, reliability, rigor, and timelessness of the analytical models in the record, and their inputs; the composition and representative nature of the proxy groups proposed in each analysis; the ROEs that the parties recommended based on their modeling results; and the Company's approved capital structure and costs of obtaining equity investment.[32]

[28] MERC Response to Department Letter at 3 (July 9, 2018) (eDocket No. 20187-144602-01).
[29] OAG Petition at 4.
[30] Commission Order at 27.
[31] Commission Order at 27.
[32] Commission Order at 27.

And while the OAG attempts to brush aside the additional support provided in the Commission's Order, doing so ignores that the Commission's Order reflects a thorough analysis of the record evidence and multiple independent bases in support of the ROE determination. Therefore, even if admission or consideration of Dr. Amit's Testimony had been in error, such error would not undermine the Commission's ROE decision in this proceeding.

C. Consideration of Non-Cost Factors is Within the Commission's Authority.

The OAG's final argument is that the Commission "relied on a series of factors that are not allowed by Minnesota law" in reaching its ROE determination.[33] In particular, the OAG asserts that the Commission considered factors related to MERC's past performance and customer service in reaching an ROE determination during deliberations—considerations the OAG argues cannot inform the Commission's ultimate determination regarding just and reasonable rates.[34] The OAG's argument, however, lacks merit for two important reasons.

First, nothing in the Commission's Order indicates reliance on the non-cost factors contested by the OAG. Rather than citing to the Commission's Order, the OAG cites to a handout and general discussions at the Commission's deliberations. But "the commission does not speak through deliberations of the commissioners; it speaks only through written orders."[35] Nothing in the Commission's written Order establishes the Commission's reliance on the factors specified by the OAG.

Second, even if the Commission's Order had considered and relied upon factors such as MERC's operational performance, customer satisfaction, and cost-management, as the OAG alleged, the Commission would be acting within its authority. The Commission is afforded wide

[33] OAG Petition at 11.
[34] OAG Petition at 11.
[35] *In re Excelsior Energy, Inc.*, 782 N.W.2d 282, 296 (Minn. Ct. App. 2010) (citing Minn. Stat. § 216B.33).

latitude in making utility rate decisions[36] and is statutorily permitted to analyze the facts presented in the record using its "experience, technical competence, and specialized knowledge."[37] With respect to the ROE, the Minnesota Supreme Court has found that "the fixing of a fair rate of return cannot be determined with precision, since it is not derived from a formula, but must be reached through the exercise of a reasonable judgment."[38]

Determining a financially sound and lawful ROE for a utility is, therefore, not formulaic, as the Commission acknowledged in its Order[39]; rather, a just and reasonable ROE determination requires the Commission to exercise its institutional judgment when considering the range of reasonable results presented in the record. Certainly the deliberations in this proceeding could have resulted in a higher ROE than the Commission ultimately adopted—not just a lower ROE as the OAG seems to imply.

Here, the Commission exercised rational judgment and thoroughly explained its reasoning in its written Order. More specifically, the Commission detailed the analytical models and methods it evaluated in reaching its ROE decision, and supported the reasonableness of its decision by addressing the contextual data included in the record that supported a range of reasonable outcomes. The Commission reasonably determined that a 9.70 percent ROE, which lies within the range of the DCF-based recommendations of the parties (with or without Dr. Amit's testimony), is supported by the record in this proceeding.

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[36] *See In re Petition of N. States Power Gas Util.*, 519 N.W.2d 921, 924 (Minn. 1994) ("It is clear that the Commission has great latitude in making rate decisions.").

[37] *See* Minn. Stat. § 14.60, subd. 4; *see also Interstate Power and Light*, Docket No. E001/GR-03-767, ORDER AFTER RECONSIDERATION AND AMENDING MODIFICATION TO SETTLEMENT at 4 (July 1, 2004) ("[S]etting the rate of return on equity is not like solving an equation – there is no right answer. Instead, there is a range of reasonable options that the Commission must analyze based on its professional judgment, institutional expertise, and historical experience.").

[38] *Northwestern Bell Tele. Co. v. State*, 216 N.W.2d 841, 857 (Minn. 1974).

[39] Commission Order at 26 ("The record does not formulaically dictate a particular ROE to be approved. Instead, the record presents a range of reasonable returns on equity that the Commission has carefully evaluated based on the analyses and arguments in the record.").

III. CONCLUSION

Based on the foregoing, the unprecedented circumstances presented, and the record in this proceeding, no reconsideration of the Commission's ROE determination is warranted. The Commission's December 26, 2018, Order is supported by applicable law and the record in this case with respect to the Commission's determination that a 9.70 percent ROE should be established for MERC.

Dated: January 25, 2019

Respectfully submitted,

BRIGGS AND MORGAN, P.A.

/s/ Elizabeth M. Brama

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Attorneys on Behalf of
Minnesota Energy Resources Corporation

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

Docket No. G011/GR-17-563

CERTIFICATE OF SERVICE

I, Lauren E. Pockl, hereby certify that on the 25th of January, 2019, on behalf of Minnesota Energy Resources Corporation, I electronically filed a true and correct copy of the enclosed Answer on www.edockets.state.mn.us. Said document was also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 25th of January, 2019.

/s/ Lauren E. Pockl
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