



Minnesota Energy Resources Corporation
2685 145th Street West
Rosemount, MN 55068
www.minnesotaenergyresources.com

July 19, 2021

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

VIA ELECTRONIC FILING

Re: In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of the 2021 Conservation Improvement Program Tracker Account, Demand-Side Management Financial Incentive, and Conservation Cost Recovery Adjustment Factor

Docket No. G011/M-22-209

Reply Comments of Minnesota Energy Resources Corporation

Dear Mr. Seuffert:

On July 8, 2022, the Minnesota Department of Commerce, Division of Energy Resources (the "Department") filed Comments in the above-referenced docket recommending approval of Minnesota Energy Resources Corporation's ("MERC" or the "Company") Petition and requesting that the Company provide additional information in Reply Comments. The Department requested the MERC provide the following in its reply comments:

1. An estimate of the average residential customer bill impact with the proposed CCRA rate; and
2. An updated 2023 December forecasted ending balance incorporating the proposed CCRA rate.

The Department also recommended that the Commission take the following action:

1. Approve a DSM financial incentive of \$1,250,934 to be included in the Company's tracker account no sooner than the issue date of the Commission's Order in the instant docket;
2. Approve MERC's 2021 CIP tracker account activities with an ending balance of (\$788,054.24);
3. Approve the revised gas CCRA of \$0.00116 per therm for all of MERC's Minnesota customer classes, effective no sooner than the issue date of the Commission's Order in the instant docket. The approval is conditioned upon the Company submitting a compliance filing with the relevant tariff sheets and necessary calculations that comply with the Commission's determinations within 10 days of the issue date of the Order; and
4. Require MERC to include the following bill message, updated with the correct date, following the date of the Order in the instant docket:

Effective January 1, 2023, the CCRA (conservation cost recovery adjustment) has been revised to \$0.00116 per therm. The CCRA is an annual adjustment to true-up under-recovery or over-recovery of CIP (conservation improvement program) expenses.

MERC thanks the Department for its review and analysis and is in agreement regarding the Department's recommendations. MERC submits these Reply Comments to respond to the Department's requests for additional information.

First, the Department requested MERC provide an estimate of the average residential customer bill impact with the proposed CCRA rate. Please see Table 1 below. The incremental bill impact of the new CCRA rate is \$0.56 annually for an average residential customer using 801 therms.

Table 1. Estimated Bill Impacts for Average Residential Customer

2021 Average Annual Usage (Therms)	2023 Proposed CCRA Surcharge Rate	Average Annual Bill Impact	Total Average Annual Bill (Excluding Gas Costs)	Average Annual Bill Impact of the CCRA Surcharge as a % of Total Bill (Excluding Gas Costs)
801	\$0.00116	\$0.93	\$352.98	0.26%

2021 Average Annual Usage (Therms)	Currently Approved 2021 CCRA Surcharge Rate	Average Annual Bill Impact	Total Average Annual Bill (Excluding Gas Costs)	Average Annual Bill Impact of the CCRA Surcharge as a % of Total Bill (Excluding Gas Costs)
801	\$0.00046	\$0.37	\$352.42	0.10%

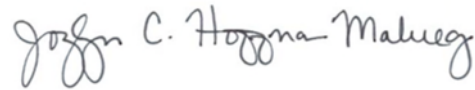
Second, the Department requested that MERC provide an updated 2023 December forecasted ending balance incorporating the proposed CCRA rate. Attachment A to these Reply Comments provide the requested CCRA calculation workpaper reflecting the updated 2023 December forecasted ending balance incorporating the proposed CCRA rate of \$0.00116 effective January 1, 2023.

Mr. Will Seuffert
July 19, 2022
Page 3

Based on the foregoing, MERC respectfully requests that the Commission approve its 2021 DSM financial incentive, 2021 CIP tracker account activity, and revised CCRA rate of \$0.00116 per therm, consistent with the Department's recommendations.

Please contact me at (414) 221-4208 if you have any questions regarding this filing.

Sincerely,

A handwritten signature in dark ink, reading "Joylyn C. Hoffman Malueg". The signature is fluid and cursive, with the first name "Joylyn" being the most prominent.

Joylyn C. Hoffman Malueg
Project Specialist 3
Minnesota Energy Resources Corporation

Enclosure
cc: Service Lists

MERC

CCRA Calculation

**** REVISED to Incorporate the Proposed 2023 CCRA Surcharge ****

To Be Effective January 1, 2023

Forecasted beginning balance (January 1, 2023)	\$ (2,009,778.00)
Proposed Expenditures (January 2023-December 2023)*	\$12,589,871
Forecasted 2021 Incentive (to be approved in 2022)	\$1,250,934
Forecasted 2022 Incentive (based on approved 2021-2023 Plan)	\$1,403,316
Less forecasted CCRC & CCRA recovery (January 2023-December 2023)	\$ 13,118,067
Projected carrying charges for 2023	\$ (116,027)
Forecasted December 2023 Balance **	\$ 250
Forecasted gas sales (January 2023-December 2023) Therms	427,437,814
	\$ 0.00000

* Based on approved 2021-2023 CIP Plan, Docket No. G011/CIP-20-479

** Note that incorporating the proposed CCRA rate of \$0.0016, effective January 1, 2023, into the CCRA calculation should equate a \$0 Forecasted December 2023 Balance. The \$250 Forecasted December 2023 Balance shown is attributable to rounding.