

November 10, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G011/GR-22-504

Dear Mr. Seuffert:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

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

Nicholas J. Krzeminski, Vice President with Minnesota Energy Resources Corporation filed the Petition on November 1, 2022.

The Department recommends the Minnesota Public Utilities Commission (Commission):

- accept Minnesota Energy Resources Corporation's petition as substantially complete; and
- refer this matter to the Office of Administrative Hearings for a contested case proceeding.

The Department is available to answer questions the Commission may have.

Sincerely,

/s/ MARK A. JOHNSON
Financial Analyst Coordinator

MAJ/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G011/GR-22-504

I. OVERVIEW

On November 3, 2022, the Minnesota Public Utilities Commission (Commission) issued a *Notice of Comment Period on Completeness and Procedures* (Notice) in the general rate case petition (Petition) filed on November 1, 2022 by Minnesota Energy Resources Corporation (MERC or the Company). Topics open for comment are whether MERC's application complies with the filing requirements of Minnesota Statutes § 216B.16, Minnesota Rules 7825.3100 to 7825.4400, and relevant Commission Orders. The Notice also indicates comments are appropriate on whether this matter should be sent to the Office of Administrative Hearings for a contested case hearing and if so, the scope of the hearing. The Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) submits the following Comments, pursuant to the Commission's November 3, 2022 Notice.

II. DEPARTMENT ANALYSIS

The Department conducted a review of the contents of MERC's Petition to verify the Company's compliance with:

- statutory requirements (Minnesota Statutes § 216B.16);
- the Commission's rules governing filing requirements for rate changes (Minnesota Rules 7825.3100 to 7825.4400);
- the Commission's general rate case Policy Statements dated June 14, 1982;
- Commission Orders pursuant to MERC's most recent general rate cases (Docket Nos. G007,011/GR-08-835, G007,011/GR-10-977, G011/GR-13-617, G011/GR-15-736), G011/GR-17-563; and
- Commission Orders in various dockets that may affect this rate proceeding.

Similar to MERC's last general rate case, in Volume 1 of the Petition, MERC prepared a *Filing Requirement Compliance Table* listing rate case filing requirements that apply to the Company. The table describes the filing requirement and generally identifies the location in the Petition where each compliance item is addressed. The Department notes the Company chose calendar year 2021 for the most recent fiscal year, calendar year 2022 for the projected year, and calendar year 2023 for the proposed test year.

The Department emphasizes its review at this stage of the proceeding relates to whether the Company's Petition provided at least some information on the issues, rather than the merits of the information provided in the Petition. As such, issues can be and will be further developed in information requests.

Based on its review, the Department concludes MERC's filing substantially fulfills the filing requirements. Accordingly, the Department recommends the Commission accept MERC's Petition as complete.

Additionally, the Department recommends the Commission accept the Petition and refer this matter to the Office of Administrative Hearings for a contested case proceeding. The scope of the contested case proceeding should include, but not be limited to, the following issues:

- 1) Is MERC's proposed test-year revenue increase reasonable?
- 2) Has MERC appropriately ensured that costs proposed to be paid by ratepayers pertain only to regulated utility costs?
- 3) Are MERC's proposed capital structure, cost of capital, and return on equity reasonable?
- 4) Is MERC's proposed rate design reasonable?

III. DEPARTMENT RECOMMENDATIONS

The Department recommends the Commission:

- accept MERC's Petition as complete; and
- refer this matter to the Office of Administrative Hearings for a contested case proceeding.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket No. G011/GR-22-504

Dated this **10th** day of **November 2022**

/s/Sharon Ferguson

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