



Minnesota Energy Resources Corporation  
2665 145<sup>th</sup> Street West  
Box 455  
Rosemount, MN 55068-0455

March 2, 2015

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

Re: Reply Comments of Minnesota Energy Resources Corporation to Comments of the Minnesota Department of Commerce, Division of Energy Resources

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota; Docket No. G-011/GR-13-617

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a New Base Cost of Gas for Interim Rates; Docket No. G011/MR-13-732

Dear Mr. Wolf:

On January 21, 2015, Minnesota Energy Resources Corporation (MERC or the Company) submitted its 30-Day Compliance Filing consistent with the Minnesota Public Utilities Commission's (Commission) October 28, 2014 Findings of Fact, Conclusions, and Order (Order). On February 19, 2015, the Minnesota Department of Commerce, Division of Energy Resources (the Department), submitted comments in response to MERC's 30-Day Compliance Filing. MERC thanks the Department for its review and submits these Reply Comments in response to the Department's recommendations.

In its Comments, the Department recommended that the Commission require MERC to resubmit its Conservation Improvement Program (CIP) tracker account for the entire period that interim rates were in effect within 10 days after the actual date final rates become effective. Specifically, the Department recommended that the Commission require MERC to adjust the MERC-[PNG] CIP tracker with an increase of \$293,841 and adjust the MERC-consolidated CIP tracker with a decrease of \$15,221.<sup>1</sup> MERC agrees to submit an adjusted CIP tracker within 10 days after final rates are implemented, as recommended by the Department, but would like to make one point of clarification with regard to that

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<sup>1</sup> Comments of the Minnesota Department of Commerce, Division of Energy Resources, Docket No. G011/GR-13-617, at 7 (February 19, 2015).



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compliance. As of January 1, 2015, MERC's NMU and PNG CIP tracker accounts have been consolidated, and going forward MERC will have only one "MERC CIP Tracker." While MERC would agree to list the adjustments for PNG and the consolidated tracker separately, because MERC now only has a single tracker account, both adjustments will occur in the MERC CIP tracker.

In addition, the Department recommended that the Commission require MERC to submit, within 10 days of the completion of the refund for all customers, a compliance filing that separately shows actual refunds and interest paid by rate class including supporting calculations. MERC will also comply with this recommendation.

With respect to MERC's CIP Compliance Filing that was submitted on February 13, 2015, the Department determined that the filing complied with the Commission's Order but recommended that the refund to the Iowa local distribution company should be paid by MERC, rather than ratepayers. Therefore, the Department recommended that the refund not affect MERC's CIP tracker. MERC agrees with this recommendation. It also wishes to clarify that the conclusion that the Iowa customer should pay either the CCRC or CCRA is based on the fact that those accounts ought to have been treated as not applicable for CIP rather than CIP-exempt because the customers are neither located in Minnesota nor able to participate in the CIP program.

Finally, MERC supports the Department's recommendation that the Commission approve its refund plan.

Please contact me at (920) 433-2926 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Seth DeMerritt".

Seth DeMerritt  
Rate Case Consultant

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA            )  
  ) ss  
COUNTY OF HENNEPIN        )

Kristin M. Stastny hereby certifies that on the 2nd day of March, 2015, on behalf of Minnesota Energy Resources Corporation, she electronically filed a true and correct copy of the attached Reply Comments on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). Said documents were 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 2nd Day of March, 2015.

/s/ Alice Jaworski  
Notary Public, State of Minnesota

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