



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

August 10, 2020

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 Proposed Modifications to Tariffs in Section 9, Extension of
Natural Gas Service**

Reply Comments of Minnesota Energy Resources Corporation

Docket No. G011/M-20-563

Dear Mr. Seuffert:

On July 1, 2020, Minnesota Energy Resources Corporation ("MERC" or the "Company") filed a Petition with the Minnesota Public Utilities Commission ("Commission") requesting approval of modifications to Section 9, Extension of Natural Gas Service, of MERC's Tariff and Rate Book.

On July 31, 2020, the Minnesota Department of Commerce, Division of Energy Resources (the "Department") filed Comments addressing the Company's Petition. In its Comments, the Department recommends that the Commission:

- Approve MERC's proposal to change the deadline for customers to complete all requirements for service or main installation to guarantee avoidance of base winter construction charges assessed for construction occurring between December 1 and April 1;
- Require that MERC continue to include the specific winter construction charges in its tariff;
- Authorize MERC to implement the 2021, 2022, and 2023 winter construction charges effective March 1, 2021; and
- Require that MERC continue to actively negotiate winter construction charges to ensure that they are reasonable and competitive and regularly undertake a competitive bidding process to ensure that its blanket construction contract and pricing are reasonable.

MERC thanks the Department for its review and submits these Reply Comments in response to the Department's recommendations.

While MERC continues to believe its proposal to allow future contracted winter construction charges to be implemented without additional approval is reasonable in light of the Company's process to ensure competitive costs, the fact that customers would still be

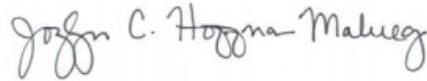
Mr. Will Seuffert
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provided with transparent contribution in aid of construction estimates inclusive of winter construction charges, and the existence of other similar utility tariff provisions, the Company accepts the Department's recommendation that MERC continue to include the specific winter construction charges in its tariffs at this time. Based on this acceptance, all of the recommendations as outlined in the Department's Comments are agreed upon between the Company and the Department.

Consistent with the Department's recommendations, MERC has included revised clean and redline tariff sheets that incorporate the specific winter construction charges as Attachment A to this filing. Also consistent with the Department's recommendations, MERC proposes to implement the new charges effective March 1, 2021, with the other tariff changes effective upon Commission approval.

Please contact me at (414) 221-4208 if you have any questions. Thank you for your attention to this matter.

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 Hoffman Malueg
Project Specialist 3
Minnesota Energy Resources Corporation

Enclosures
cc: Service List

Attachment A

Clean and Redline Tariff Sheets

Clean Tariff Sheets

EXTENSION OF NATURAL GAS SERVICE

4th Revised Sheet No. 9.00

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES

A. Applications and Permits

1. Applications for natural gas service are required for the services set forth hereunder. Connection of load subject to application without proper approval will be cause for disconnection or suspension of service pursuant to Section 9.A.3 of the General Rules, Regulations, Terms and Conditions.
 - (a) New residential service except as exempted in A.2 below.
 - (b) Residential heating conversion from another fuel or expansion of peak heating requirements except as exempted in A.2 below.
 - (c) Commercial service, new and expanded requirements except as exempted in A.2 below.
 - (d) Industrial service - new and expanded requirements.
2. Applications for natural gas service are not required for:
 - (a) Additions to base load appliances for clothes drying, water heating and cooking.
 - (b) Additions of less than 50,000 BTU/hour in domestic heating loads over the heating load approved and connected to Company's distribution system as of May 10, 1977.
3. Applicants for service must agree to comply with all provisions of the main and service line extension policy described in Section IX.2 of this tariff.
4. All applications will be reviewed by Company's management and shall be processed in the following manner:
 - (a) Approved.
 - (b) Denied.
 - (c) Retained for future use, subject to cancellation by applicant.
5. Subject to the other requirements of the tariff, the Company reserves the right to suspend the issuance of permits for gas service on the basis of Company's sole judgment with respect to present and future connection factors and conditions including but not limited to the availability of gas supplies and delivery capacity. The Company will authorize connection of qualifying customers based on the time of when both requirements are met: 1) Company has received a complete application from customer and 2) all required certifications have been provided by the customer.

EXTENSION OF NATURAL GAS SERVICE

8th Revised Sheet No. 9.06

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charges

When the service or main is installed between December 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company by September 30 or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by September 30, the anticipated winter construction charges will be included in determining the feasibility and any necessary CIAC. Such work will be subject to a base winter construction charge on all ditch footages, as an adder, and applies to any plowing, trenching, boring, or bell holes for construction that takes place from December 1 to April 1.

Winter Construction Charge 2021	\$6.52 per lineal foot (Central) \$6.24 per lineal foot (North) \$6.52 per lineal foot (Southeast) \$5.91 per lineal foot (Southwest)
Winter Construction Charge 2022	\$6.71 per lineal foot (Central) \$6.43 per lineal foot (North) \$6.71 per lineal foot (Southeast) \$6.09 per lineal foot (Southwest)
Winter Construction Charge 2023	\$6.91 per lineal foot (Central) \$6.62 per lineal foot (North) \$6.91 per lineal foot (Southeast) \$6.27 per lineal foot (Southwest)

In addition to the base winter construction charge, a frost charge will be assessed by the Company for those portions of main or service lines where twelve or more inches of frost exists. The frost charge is not included on boring lengths but can apply to open trench and send or receive holes for bores. When twelve inches or more of frost exists outside the Winter Construction period, the frost charge may be applied as an expense due to abnormal conditions pursuant to Sheet No. 9.04 or Sheet No. 9.05. Frost charges for bell holes will be paid per the perimeter footage of the bell hole (one bell hole per service).

Frost Charge 2021	\$7.00 per lineal foot (Central) \$6.42 per lineal foot (North) \$6.60 per lineal foot (Southeast) \$6.24 per lineal foot (Southwest)
Frost Charge 2022	\$7.21 per lineal foot (Central) \$6.61 per lineal foot (North) \$6.81 per lineal foot (Southeast) \$6.43 per lineal foot (Southwest)
Frost Charge 2023	\$7.42 per lineal foot (Central) \$6.81 per lineal foot (North) \$7.01 per lineal foot (Southeast) \$6.62 per lineal foot (Southwest)

EXTENSION OF NATURAL GAS SERVICE

Original Sheet No. 9.06a

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charges (Continued)

The winter construction charge shall be equal to costs in excess of normal summer construction costs. Winter construction will not be undertaken by the Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. The Company may reduce winter construction charges only to the extent the Company incurs a corresponding reduction in costs to install facilities during the winter construction period. The same charge reductions will be offered to all similarly situated customers. The Company may not assess customers more than the tariffed winter construction charge(s).

Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a per burner charge:

Bell Holes 2021	\$320.53 each (Central) \$320.53 each (North) \$320.54 each (Southeast) \$320.54 each (Southwest)
Bell Holes 2022	\$330.15 each (Central) \$330.15 each (North) \$330.16 each (Southeast) \$330.16 each (Southwest)
Bell Holes 2023	\$340.06 each (Central) \$340.06 each (North) \$340.07 each (Southeast) \$340.07 each (Southwest)

Redline Tariff Sheets

EXTENSION OF NATURAL GAS SERVICE

~~3rd~~4th Revised Sheet No. 9.00

1. CUSTOMER CONNECTION PROCEDURES AND GUIDELINES

A. Applications and Permits

1. Applications for natural gas service are required for the services set forth hereunder. Connection of load subject to application without proper approval will be cause for disconnection or suspension of service pursuant to Section 9.A.3 of the General Rules, Regulations, Terms and Conditions.
 - (a) New residential service except as exempted in A.2 below.
 - (b) Residential heating conversion from another fuel or expansion of peak heating requirements except as exempted in A.2 below.
 - (c) Commercial service, new and expanded requirements except as exempted in A.2 below.
 - (d) Industrial service - new and expanded requirements.
2. Applications for natural gas service are not required for:
 - (a) Additions to base load appliances for clothes drying, water heating and cooking.
 - (b) Additions of less than 50,000 BTU/hour in domestic heating loads over the heating load approved and connected to Company's distribution system as of May 10, 1977.
3. Applicants for service must agree to comply with all provisions of the main and service line extension policy described in Section IX.2 of this tariff.
4. All applications will be reviewed by Company's management and shall be processed in the following manner:
 - (a) Approved.
 - (b) Denied.
 - (c) Retained for future use, subject to cancellation by applicant.
5. Subject to the other requirements of the tariff, the Company reserves the right to suspend the issuance of permits for gas service on the basis of Company's sole judgment with respect to present and future connection factors and conditions:

Date Filed: ~~June 21, 2019~~August 10, 2020
Upon Commission Approval

Effective Date: ~~July 1, 2019~~

Docket No.: G011/~~GR-17-563~~M-20-563

Submitted By: Theodore Eidukas

Vice President –Regulatory Affairs

EXTENSION OF NATURAL GAS SERVICE

~~3rd~~4th Revised Sheet No. 9.00

including but not limited to the availability of gas supplies and delivery capacity.
The Company will authorize connection of qualifying customers based on the time
of when both requirements are met: 1) Company has received a complete application
from customer and 2) all required certifications have been provided by the customer.

EXTENSION OF NATURAL GAS SERVICE

87th Revised Sheet No. 9.06

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charges

When the service or main is installed between December 1 and April 1, inclusive, because of failure of customer to meet all requirements of the Company by ~~November~~ September 30 or because the customer's property, or the streets leading thereto, are not ready to receive the service pipe or gas main by ~~such date,~~ September 30, the anticipated winter construction charges will be included in determining the feasibility and any necessary CIAC. Such work will be subject to a base winter construction charge on all ditch footages, as an adder, and applies to any plowing, trenching, boring, or bell holes for construction that takes place from December 1 to April 1.

Winter Construction Charge 20 <u>18</u> <u>21</u>	\$5.836.52 -per lineal foot (Central7-county metro) \$5.256.24 per lineal foot (Northout-state) <u>\$6.52 per lineal foot (Southeast)</u> <u>\$5.91 per lineal foot (Southwest)</u>
Winter Construction Charge 20 <u>19</u> <u>22</u>	\$6.006.71 -per lineal foot (Central7-county metro) \$5.416.43 per lineal foot (Northout-state) <u>\$6.71 per lineal foot (Southeast)</u> <u>\$6.09 per lineal foot (Southwest)</u>
Winter Construction Charge 20 <u>20</u> <u>23</u>	\$6.126.91 -per lineal foot (Central7-county metro) \$5.526.62 -per lineal foot (Northout-state) <u>\$6.91 per lineal foot (Southeast)</u> <u>\$6.27 per lineal foot (Southwest)</u>

In addition to the base winter construction charge, a frost charge will be assessed by the Company for those portions of main or service lines where twelve or more inches of frost exists. The frost charge is not included on boring lengths but can apply to open trench and send or receive holes for bores. When twelve inches or more of frost exists outside the Winter Construction period, the frost charge may be applied as an expense due to abnormal conditions pursuant to Sheet No. 9.04 or Sheet No. 9.05. Frost charges for bell holes will be paid per the perimeter footage of the bell hole (one bell hole per service).

Frost Charge 20 <u>18</u> <u>21</u>	\$6.417.00 -per lineal foot (Central7-county metro) \$6.126.42 per lineal foot (Northout-state) <u>\$6.60 per lineal foot (Southeast)</u> <u>\$6.24 per lineal foot (Southwest)</u>
Frost Charge 20 <u>19</u> <u>22</u>	\$6.607.21 -per lineal foot (Central7-county metro) \$6.306.61 per lineal foot (Northout-state) <u>\$6.81 per lineal foot (Southeast)</u> <u>\$6.43 per lineal foot (Southwest)</u>
Frost Charge 20 <u>20</u> <u>23</u>	\$6.747.42 -per lineal foot (Central7-county metro) \$6.436.81 -per lineal foot (Northout-state) <u>\$7.01 per lineal foot (Southeast)</u>

EXTENSION OF NATURAL GAS SERVICE

87th Revised Sheet No. 9.06

	<u>\$6.62 per lineal foot (Southwest)</u>
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Date Filed: ~~June 21, 2019~~August 10, 2020
2019Upon Commission Approval

Docket No.: G011/~~GR-17-563~~M-20-563

Submitted By: Theodore Eidukas
Vice President –Regulatory Affairs

Effective Date: ~~July 1,~~

EXTENSION OF NATURAL GAS SERVICE

Original Sheet No. 9.06a

2. EXTENSIONS OF COMPANY MAINS AND SERVICES (Continued)

D. Winter Construction Charges (Continued)

The winter construction charge shall be equal to costs in excess of normal summer construction costs. Winter construction will not be undertaken by the Company where prohibited by law or where it is not practical to install gas main or gas service pipe during the winter season. The Company may reduce winter construction charges only to the extent the Company incurs a corresponding reduction in costs to install facilities during the winter construction period. The same charge reductions will be offered to all similarly situated customers. The Company may not assess customers more than the tariffed winter construction charge(s).

Bell Holes: When it is necessary to use thawing devices in order to excavate the bell hole, or locate other utility crossings, there will be a per burner charge: ~~equal to \$296.69 in 2018, \$305.59 in 2019, and \$311.70 in 2020.~~

<u>Bell Holes 2021</u>	<u>\$320.53 each (Central)</u> <u>\$320.53 each (North)</u> <u>\$320.54 each (Southeast)</u> <u>\$320.54 each (Southwest)</u>
<u>Bell Holes 2022</u>	<u>\$330.15 each (Central)</u> <u>\$330.15 each (North)</u> <u>\$330.16 each (Southeast)</u> <u>\$330.16 each (Southwest)</u>
<u>Bell Holes 2023</u>	<u>\$340.06 each (Central)</u> <u>\$340.06 each (North)</u> <u>\$340.07 each (Southeast)</u> <u>\$340.07 each (Southwest)</u>

Date Filed: August 10, 2020

Effective Date: Upon Commission

Approval

Docket No.: G011/M-20-563

Submitted By: Theodore Eidukas

Vice President –Regulatory Affairs

In the Matter of the Petition of Minnesota
Energy Resources Corporation for
Approval of Proposed Modifications to
Tariffs in Section 9, Extension of Natural
Gas Service

Docket No. G011/M-20-563

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 10th day of August, 2020, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Reply Comments 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 10th day of August, 2020.

/s/ Kristin M. Stastny

Kristin M. Stastny

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_20-563_M-20-563
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-563_M-20-563
Daryll	Fuentes	dfuentes@usg.com	USG Corporation	550 W Adams St Chicago, IL 60661	Electronic Service	No	OFF_SL_20-563_M-20-563
Joylyn C	Hoffman Malueg	Joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources	2685 145th St W Rosemount, MN 55068	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-563_M-20-563
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-563_M-20-563
Catherine	Phillips	Catherine.Phillips@wecenergygroup.com	Minnesota Energy Resources	231 West Michigan St Milwaukee, WI 53203	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-563_M-20-563

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Colleen	Sipiorski	Colleen.Sipiorski@wecenergygroup.com	Minnesota Energy Resources Corporation	700 North Adams St Green Bay, WI 54307	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-563_M-20-563
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St Milwaukee, WI 53203	Electronic Service	Yes	OFF_SL_20-563_M-20-563
Tina E	Wuyts	tina.wuyts@wecenergygroup.com	Minnesota Energy Resources Corporation	PO Box 19001 700 N Adams St Green Bay, WI 54307-9001	Electronic Service	Yes	OFF_SL_20-563_M-20-563