



Minnesota Energy Resources Corporation  
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Rosemount, MN 55068  
www.minnesotaenergyresources.com

October 27, 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 a Variance and Notice of Refund Plan for Northern Natural Gas Pipeline  
Refund**

**Docket No. G011/M-20-700**

Dear Mr. Seuffert:

On September 1, 2020, Minnesota Energy Resources Corporation ("MERC" or the "Company") filed a Petition with the Minnesota Public Utilities Commission ("Commission") requesting approval of a variance from Minnesota Rule 7825.2700, subp. 8 and a notice of refund plan to allow MERC to return a pipeline refund from Northern Natural Gas ("NNG") to customers in the MERC-NNG purchased gas adjustment ("PGA") area through the monthly PGA as soon as the Commission approves the variance request or as soon as the NNG refund has been issued, whichever occurs later.

MERC submits this letter to clarify that the Company, in requesting approval of a variance from Minnesota Rule 7825.2700, subp. 8, is also requesting a variance from the requirement contained in that rule that "within classes, the refund amount per unit must be applied to bills on the basis of individual 12-month usage." As stated in MERC's initial petition at page 4, "MERC seeks a variance from the Commission from the requirements of Minn. R. 7825.2700, subp. 8 in order to issue the NNG refund through the NNG-PGA over one month after Commission approval rather than as a bill credit." Given MERC's proposal, the per-therm refund proposed to be issued through the PGA would be calculated based on the forecasted sales in the month the refund is included in the PGA, and the per-therm refund would be credited to customers' usage via the PGA in the month following Commission approval.

The Company meets the requirements of Minn. R. 7829.3200 for a variance from the requirement of Minn. R. 7825.2700, subp. 8 that within classes, the refund amount per therm be applied based on individual 12-month usage. In particular, as discussed in the Company's Petition, calculation of refunds based on individual 12-month usage would impose an excessive burden on MERC as such individual 12-month calculations would be administratively burdensome due to the time and expense required to determine individual 12-month usage.

Granting a variance to allow the Company to refund over a single month through the PGA mechanism based on one-month forecasted sales rather than 12-months of actual sales also

will not adversely affect the public interest as MERC's proposal will ensure customers are appropriately refunded based on the NNG refund amounts, plus interest. As reflected in Table 1 below, assuming the refund occurs in the December PGA, MERC's proposal to refund via the PGA over one month will result in a comparable allocation of the refund by customer class relative to the allocation of the higher pipeline rates billed for the period January through April 2020 (i.e., the amounts to be refunded). Table 1 shows January 2020 through April 2020 billed sales, by customer class, in comparison to forecasted December 2020 sales taking into consideration the impacts of the COVID-19 pandemic to date. January 2020 through April 2020 are the months that customers were billed for the higher NNG pipeline rates to be refunded while the December forecasted sales reflect the refund allocation under the Company's proposal, assuming approval in advance of the December PGA.<sup>1</sup> This data further supports a finding that the requested variance will not adversely affect the public interest.

**Table 1. Allocation of Over-Collection Versus Proposed Refund by Customer Class**

	Actual Sales				Total Jan - Apr		Forecast **	
	Jan-20	Feb-20	Mar-20	Apr-20			Dec-20	
<b>Residential</b>	27,745,080	26,630,131	21,984,476	16,732,702	93,092,389	59.6%	28,898,229	60.9%
Firm Class 1	1,164,731	1,131,142	987,180	632,792	3,915,844		1,787,445	
Firm Class 2	12,535,492	12,109,481	10,695,093	7,510,363	42,850,428	32.8%	12,438,558	31.2%
Firm Class 3	1,153,716	1,134,818	1,016,291	1,085,046	4,389,870		593,474	
Interruptible Class 1	87,869	26,885	20,177	7,707	142,638		23,997	
Interruptible Class 1 Power Generation	8,337	4,419	4,706	2,244	19,705		16,536	
Interruptible Class 2	2,442,486	1,203,348	1,118,633	567,195	5,331,661	7.6%	1,604,185	7.9%
Interruptible Class 3	2,943,307	1,408,093	1,137,379	821,446	6,310,224		1,742,768	
Interruptible Class 4	16,349	4,194	-	38,553	59,097		354,731	
					156,111,856	100.0%	47,459,924	100.0%
** Adjusted for the effects of Jan - Sept YOY changes 2019 to 2020, which would account for the impacts of COVID								

Finally, granting a variance to allow MERC to calculate refunds based on one month of forecasted sales rather than 12-months of individual usage does not conflict with standards imposed by law.

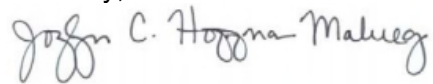
MERC notes that NNG has now processed the refund with September invoicing, which was received by MERC in October. MERC requests that the Commission approve rule variances to all provisions of Minn. R. 7825.2700, subp.8, and any other rules as necessary to implement the Company's proposed refund plan and to allow implementation of the refund as proposed, as soon as possible. In the event the Commission does not take action on MERC's request to allow PGA refunds to be completed within 90 days, consistent with Minn. R. 7825.2700, subp. 8, MERC also requests that the Commission vary that requirement to allow for implementation in PGA in the month following Commission approval.

<sup>1</sup> Under MERC's proposal, the refund would be conducted via the PGA, applying a refund credit to the Commodity and Demand PGA charges, which are charged to Firm and Interruptible customers and Firm customers, respectively.

Mr. Will Seuffert  
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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 written in a cursive, flowing style.

Joylyn Hoffman Malueg  
Project Specialist 3  
Minnesota Energy Resources Corporation

cc: Service List

**In the Matter of the Petition of Minnesota  
Energy Resources Corporation for a  
Variance and Notice of Refund Plan for  
Northern Natural Gas Pipeline Refund**

**Docket No. G011/M-20-700**

**CERTIFICATE OF SERVICE**

I, Kristin M. Stastny, hereby certify that on the 27th day of October, 2020, on behalf of Minnesota Energy Resources Corporation (MERC) I electronically filed a true and correct copy of the enclosed Letter 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 lists.

Dated this 27th day of October, 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_20-700_M-20-700
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_20-700_M-20-700
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_20-700_M-20-700
Daryll	Fuentes	dfuentes@usg.com	USG Corporation	550 W Adams St  Chicago, IL 60661	Electronic Service	No	OFF_SL_20-700_M-20-700
Joylyn C	Hoffman Malueg	Joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources	2685 145th St W  Rosemount, MN 55068	Electronic Service	Yes	OFF_SL_20-700_M-20-700
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-700_M-20-700
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-700_M-20-700
Catherine	Phillips	Catherine.Phillips@wecenergygroup.com	Minnesota Energy Resources	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	Yes	OFF_SL_20-700_M-20-700
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_20-700_M-20-700
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-700_M-20-700

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_20-700_M-20-700
Colleen	Sipiorski	Colleen.Sipiorski@wecenergygroup.com	Minnesota Energy Resources Corporation	700 North Adams St  Green Bay, WI 54307	Electronic Service	Yes	OFF_SL_20-700_M-20-700
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	Yes	OFF_SL_20-700_M-20-700
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-700_M-20-700
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	Yes	OFF_SL_20-700_M-20-700
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_20-700_M-20-700