



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

July 31, 2020

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

VIA ELECTRONIC FILING

**Re: Streamlined Annual Evaluation Report Compliance Filing
In the Matter of Minnesota Energy Resources Corporation's 2018 and
2019 Annual Decoupling Evaluation Reports and Decoupling
Mechanism Adjustment Calculations**

Docket Nos. G011/M-19-201 and G011/M-20-332

Dear Mr. Seuffert:

On December 5, 2019, the Minnesota Public Utilities Commission (the "Commission") issued an Order in Docket No. G011/M-19-201, accepting Minnesota Energy Resources Corporation's ("MERC's") 2018 decoupling evaluation and approving MERC's revenue decoupling rate adjustment factors. Order Point 4 of the Commission's Order further required MERC to work with the Department of Commerce, Division of Energy Resources (the "Department") and other stakeholders, and to request the involvement of other utilities, on the development of a more streamlined Annual Decoupling Evaluation Report. Order Point 5 of the Commission's Order required MERC to make a compliance filing detailing proposed changes to the Annual Decoupling Evaluation Report by July 31, 2020. MERC submits this Compliance Filing in accordance with the Commission's Order.

On July 1, 2020, the Department submitted a letter in Docket No. G011/M-20-332, MERC's 2019 Revenue Decoupling Mechanism Adjustment Calculation and 2019 Annual Decoupling Evaluation Report docket, that detailed the collaboration efforts of the Department, stakeholders, and various utilities in creating a proposal of a streamlined Annual Decoupling Evaluation Report, in addition to submitting the proposal itself. MERC thanks the Department for its efforts in developing and documenting the streamlined Annual Decoupling Evaluation proposal. In accordance with Order Point 4 of the Commission's December 5, 2019, Order, and as discussed in the Department's July 1, 2020 letter, MERC participated in these collaborative efforts.¹ As discussed below, MERC is in agreement with the Department in their recommendation that the

¹ MERC notes that the Department's letter filed in Docket No. G011,M-20-332 on July 1, 2020, at page 5, erroneously omitted MERC from the list of utilities that participated in the June 2, 2020 stakeholder group discussion. MERC clarifies that a Company representative was in attendance and participated at that June 2, 2020 meeting.

Commission approve the proposed streamlined Annual Decoupling Evaluation Report in Docket No. G011/M-20-332.

Order Point 5 of the Commission's Order required MERC to submit a compliance filing no later than July 31, 2020 detailing proposed changes to the Annual Decoupling Evaluation Report. MERC is in agreement with the Department's July 1, 2020, streamlined Annual Decoupling Evaluation Report proposal as provided in Docket No. G011/M-20-332. Specifically, MERC is in agreement on the following:

- A. **Filing Date:** MERC agrees to the proposal of submitting its streamlined Annual Decoupling Evaluation Report on June 1 of each year, starting on June 1, 2021. This first streamlined filing would include MERC's 2020 Revenue Decoupling Mechanism ("RDM") surcharge or credit factors, which would be effective from June 1, 2021 through May 31, 2022.
- B. **Data and Narrative Regarding Energy Savings Achievements:** MERC agrees to the proposal of submitting the following information as part of the streamlined Annual Decoupling Evaluation Report:
1. Brief overview of the Conservation Incentive Program ("CIP") portfolio. Narrative discussing changes made in the most recent triennial CIP, including any changes in marketing.
 2. Annual first-year energy savings including a comparison of the utility's annual first-year energy savings of the past 5 years to the utility's average first-year energy savings for the three years preceding each utility's implementation of its RDM. Information will be presented on a total CIP basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes that have decoupled rates.
 3. Lifetime energy savings including a presentation of the utility's lifetime energy savings for each of the past 5 years. Information will be presented on a total CIP basis and on a rate class basis, if possible, in a way that facilitates evaluation of the change in energy savings by customers in the rate classes that have decoupled rates.
 4. Annual first-year energy savings for each year (beginning with three years before RDM implementation and ending with the year prior to RDM evaluation) presented as a percent of weather-normalized retail sales from non-CIP-out customers as specified in Minn. Stat. 216B.241 Subd. 1c. (b)
 5. Comparison of the relevant average gas use per customer for each decoupled customer class for the three years before RDM implementation and the years after.
- C. **Data and Narrative Regarding RDM Deferral and Billing Adjustment Factors:** MERC agrees to the proposal of submitting the following information as part of the streamlined Annual Decoupling Evaluation Report:

1. Brief explanation of how RDM overcollection/undercollection and RDM rates are calculated.
2. Annual amount of revenue over/under collected by customer class through the RDM during the evaluation period, before and after any adjustments to reflect the cap. Supporting detail would include monthly sales and number of customers and MERC would include a description of how heating degree days (“HDD”) varied from those assumed in the last rate case.
3. Description of whether the approved cap has come into play for any decoupled class since RDM was implemented. The discussion would include identification of the time period(s), the customer class(es) affected, and what the RDM adjustment would have been without the cap.
4. Description of any changes to methods or calculations of the decoupling adjustment over the course of the pilot including any such changes, their purpose, and impact on the deferral.
5. By rate class – the per therm rate charged, the overall rate surcharge/refund, the annual gas use per customer, and the estimated bill impact on average customers. If there is a wide variation of consumption in the customer class, MERC may provide estimated bill impacts on customers with a range of consumption.
6. A discussion of whether MERC filed any rate cases during the RDM implementation period, and when. To the extent new base rates took effect during the pilot period, indicate when those new rates take effect and what impact the revised rates had on the methods and mechanics of the RDM over/under collection calculations.
7. A table showing the historical net surcharges/refunds for each decoupled class and for the utility as a whole.
8. Tables showing the calculation of all past RDM factors (including over/under collections of revenues and forecasted sales).

MERC notes that the RDM surcharge or credit factor is not currently displayed in its tariff, therefore updated tariff sheets would not be required in MERC’s Annual Decoupling Evaluation Report.² Additionally, MERC agrees with the Department in that the above proposal lists the minimum amount of narrative and data that is to be included in the Annual Decoupling Evaluation Report, and does not preclude MERC from including additional information that it believes to be beneficial or warranted as part of the annual filing.

Currently, MERC’s 2019 RDM factors as filed in Docket No. G011/M-20-332 are in effect for the 12-month time period of March 1, 2020 through February 28, 2021. With the proposed filing date of June 1, 2021 for the streamlined 2020 Annual Decoupling Evaluation Report and RDM adjustment calculation, there will be a three month “bridge period” between the conclusion of MERC’s 2019 RDM factors, which end on February

² At page 8 of the Department’s Letter, filed in Docket No. G011,M-20-332 on July 1, 2020, the Department’s proposal includes Item #9: If the IOU includes the RDM adjustment per unit of energy in its tariff/rider, include an updated RDM Tariff Sheet in redline and final format.

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28, 2021, and the start of 2020 RDM factors, which would be effective with the filing date of June 1, 2021. MERC proposes that the Commission allow MERC to extend the currently authorized 2019 RDM factors for an additional three months, through May 31, 2021, to cover the "bridge period."

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

Sincerely,

A handwritten signature in black ink that reads "Joylyn C. Hoffman Malueg". The signature is written in a cursive style with a large initial 'J' and 'M'.

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

Enclosures
cc: Service List

**In the Matter of Minnesota Energy
Resources Corporation's 2018 and 2019
Annual Decoupling Evaluation Reports
and Decoupling Mechanism Adjustment
Calculations**

Docket Nos. G011/M-19-201
and G011/M-20-332

CERTIFICATE OF SERVICE

I, Colleen T. Sipiorski, hereby certify that on the 31st of July, 2020, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Compliance Filing 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 31st day of July, 2020.

/s/ Colleen T. Sipiorski
Colleen T. Sipiorski

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_20-332_M-20-332
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_20-332_M-20-332
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_20-332_M-20-332
Daryll	Fuentes	dfuentes@usg.com	USG Corporation	550 W Adams St Chicago, IL 60661	Electronic Service	No	OFF_SL_20-332_M-20-332
Joylyn C	Hoffman Malueg	Joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources	2685 145th St W Rosemount, MN 55068	Electronic Service	No	OFF_SL_20-332_M-20-332
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-332_M-20-332
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-332_M-20-332
Catherine	Phillips	Catherine.Phillips@wecenergygroup.com	Minnesota Energy Resources	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_20-332_M-20-332
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_20-332_M-20-332
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-332_M-20-332

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 Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-332_M-20-332
Colleen	Sipiorski	Colleen.Sipiorski@wecenergygroup.com	Minnesota Energy Resources Corporation	700 North Adams St Green Bay, WI 54307	Electronic Service	No	OFF_SL_20-332_M-20-332
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-332_M-20-332
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-332_M-20-332
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_20-332_M-20-332