Minnesota Energy Resources Corporation
2685 145th Street West
Rosemount, MN 55068
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April 13, 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 Natural Gas Extension Project (NGEP) Rider True-Up for 2019, Rider Revenue Deficiency for 2021, and Revised Surcharge Factors Docket No. G011/M-20-___

Dear Mr. Seuffert:

Minnesota Energy Resources Corporation ("MERC" or the "Company") submits this Petition to the Minnesota Public Utilities Commission ("Commission") for approval to recover a portion of its forecasted 2021 Rochester Natural Gas Extension Project ("Rochester Project") costs, adjusted to account for the 2019 Natural Gas Extension Project ("NGEP") rider ("NGEP Rider") true-up through the Company's NGEP Rider pursuant to Minn. Stat. § 216B.1638 ("NGEP Statute").

The Commission previously approved MERC's Rochester Project as a qualifying NGEP in its Order Approving Rochester Project and Granting Rider Recovery with Conditions ("Rochester Order") dated May 5, 2017, in Docket No. G011/M-15-895, which authorized NGEP Rider recovery for up to 33 percent of the cost to upgrade the Rochester-area distribution system. On June 18, 2019, the Commission issued an Order Approving NGEP Rider Surcharge with Modifications in Docket No. G011/M-18-182, approving MERC's petition for an NGEP Rider surcharge to allow the Company to recover its forecasted 2019 revenue deficiency for Rochester Project costs. In its June 18, 2019, Order, the Commission determined that the 33 percent limitation in the NGEP Statute should apply to the annual incremental revenue requirement or revenue deficiency rather than total project costs. MERC implemented an NGEP Rider surcharge of $0.00052 per therm applicable to all Minnesota jurisdictional sales effective August 1, 2019.

On September 30, 2019, MERC filed its second petition for approval for recovery of a portion of 2020 Rochester Project costs through the NGEP Rider in Docket No. G011/M-19-608. Both the Minnesota Department of Commerce, Division of Energy Resources (the "Department") and the Minnesota Office of the Attorney General – Residential Utilities Division (the "OAG") submitted Comments in that docket on February 11, 2020, and MERC filed Reply Comments on February 28, 2020. As of the date of this filing, that docket was still pending.

This Petition reflects the Company's third NGEP Rider filing and first NGEP true-up reconciliation. Through this filing, MERC seeks approval to recover its 2021 NGEP-eligible revenue requirement (i.e., 33 percent) related to the previously-approved Rochester Project through a revised NGEP Rider surcharge effective January 1, 2021, adjusted to account for the

2019 NGEP true-up based on actual 2019 costs and revenues and to account for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 as a true-up with MERC's NGEP Rider true-up calculation. This petition is consistent with the Commission's previous determinations with respect to the Company's 2019 NGEP Rider surcharge approved in Docket No. G011/M-18-182, as well as the agreements reached between the Company and the Department in MERC's currently-pending 2020 NGEP Rider in Docket No. G011/M-19-608.

As provided in this filing: (1) MERC's proposed 2021 Rochester Project costs for which it is seeking a portion of recovery in this Petition are reasonable and should be approved, subject to future true-up; (2) MERC's calculation of its forecasted revenue requirement for 2021 is consistent with the NGEP Statute, the Commission's Rochester Order in Docket No. G011/M-15-895, and the Commission's June 18, 2019, Order in Docket No. G011/M-18-182[1]; (3)MERC's proposed adjustments to the 2021 NGEP-eligible revenue requirement to account for 2018 and 2019 true up to actuals is reasonable, reflects the Company's actual Rochester Project costs and actual 2019 NGEP Rider revenues, and is consistent with the Commission's December 26, 2018, Findings of Fact, Conclusions, and Order in Docket No. G011/GR-17-563; and (4) MERC's proposed apportionment to recover its 2021 NGEP revenue deficiency through customer surcharges by customer class is reasonable and appropriate in consideration of the revenue apportionment most recently approved in MERC's last rate case (Docket No. G011/GR-17-563), the bypass risk posed by MERC's Direct Connect customers, and other rate design considerations. MERC has previously provided, or is providing in this filing, all required filing information under the NGEP Statute.

Through this filing, MERC is requesting approval to implement updated NGEP surcharges by customer class effective January 1, 2021, based on the 2021 NGEP-eligible revenue deficiency and 2018 and 2019 true-up adjustments. MERC projects the annual impact of the proposed surcharge rate on an average Residential customer to be approximately $3.72 and, as discussed in this Petition, would propose to notify customers of the updated 2021 surcharge rates via bill message. A copy of this miscellaneous filing has been served on the OAG and the Department. A summary of the filing has been served on all parties on MERC's general service list.

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[1] In MERC's original Petition for an NGEP Rider Surcharge filed in Docket G011/M-18-182, MERC's position was that the NGEP status allows for approval of 33 percent of the costs of the overall natural gas extension project, meaning 33 percent of the approved $44 million Rochester Project costs. The Department disagreed with MERC, arguing that the 33 percent cap applied to the annual revenue requirement calculation for 2019 only. The Commission determined that the statute was ambiguous and instead authorized 33 percent of the forecasted 2019 revenue deficiency of the Rochester Project calculated on an annual basis.

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,

Joylyn C. Hoffman Malueg

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

Enclosure
cc: Service List

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	**Chair**
Valerie Means	**Commissioner**
Matthew Schuerger	**Commissioner**
Joseph K. Sullivan	**Commissioner**
John A. Tuma	**Commissioner**

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of Natural Gas Extension Project (NGEP) Rider True-Up for 2019, Rider Revenue Deficiency for 2021, and Revised Surcharge Factors	Docket No. G011/M-20-____

PETITION

Pursuant to Minnesota Statutes section 216B.1638 ("NGEP Statute") and in accordance with Minnesota Rules part 7829.1300, and the Minnesota Public Utilities Commission's ("Commission") May 5, 2017, Order Approving Rochester Project and Granting Rider Recovery with Conditions in Docket No. G011/M-15-895 ("Rochester Order"), June 18, 2019, Order Approving NGEP Rider Surcharge with Modifications in Docket No. G011/M-18-182, and December 26, 2018, Findings of Fact, Conclusions, and Order in Docket No. G011/GR-17-563, Minnesota Energy Resources Corporation ("MERC" or the "Company") submits to the Commission this Petition for approval to recover a portion of its forecasted 2021 Rochester Natural Gas Extension Project ("Rochester Project") costs, adjusted to account for the 2019 Natural Gas Extension Project ("NGEP") rider ("NGEP Rider") true-up and for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 through updated NGEP Rider surcharge rates effective January 1, 2021. In particular, MERC requests approval of:

- A 2021 forecasted revenue deficiency of $3,023,928 based on forecasted incremental 2021 Rochester Project depreciation expense, property tax expense, incremental operations and maintenance expense, and return on rate base forecasted through the end of 2021, excluding contingency and adjusted to account for offsetting revenues associated with sales growth in the Rochester area. Consistent with the Commission's decision on the Company's 2019 NGEP Rider petition in Docket No. G011/M-18-182, MERC proposes to recover 33 percent of this forecasted 2021 revenue deficiency or $997,896, through the NGEP Rider, subject to future true-up based on actual costs and recoveries;

- A true-up adjustment of $227,236 for the under-recovered 2019 NGEP revenue deficiency based on MERC's actual Rochester Project costs and actual NGEP Rider revenues and to account for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 as a true-up with MERC's NGEP Rider true-up calculation in accordance with the Commission's December 26, 2018, Findings of Fact, Conclusions, and Order;

- NGEP surcharge rates by customer class effective January 1, 2021; and

- Updated NGEP rider tariff sheet to reflect the 2021 NGEP rate factors effective January 1, 2021.

This Petition is consistent with the Commission's Rochester Order issued in Docket No. G011/M-15-895, which authorized MERC to recover Phase II costs of up to $44 million through the combination of an NGEP Rider and base rates.[2] Additionally, this Petition is consistent with the Commission's June 18, 2019, Order Approving NGEP Rider Surcharge with Modifications in Docket No. G011/M-18-182, including: (1) exclusion of contingency from the 2021 revenue requirement calculations; (2) calculation of proposed 2021 NGEP Rider surcharge rates based on MERC's Minnesota jurisdictional 2021 sales forecast; and (3) recovery of 33 percent of the 2021 annual revenue deficiency.[3] Finally, as discussed below, through this filing, MERC addresses the Commission's decision in Docket No. G011/GR-17-563 requiring the Company to account for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 as a true-up with MERC's NGEP Rider true-up calculation.

This filing includes the following:

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[2] *In the Matter of a Petition by Minn. Energy Res. Corp. for Eval. and Approval of Rider Recovery for Its Rochester Nat. Gas Extension Project*, Docket No. G011/M-15-895, ORDER APPROVING ROCHESTER PROJECT AND GRANTING RIDER RECOVERY WITH CONDITIONS at 18 (May 5, 2017).
[3] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ORDER APPROVING NGEP RIDER SURCHARGE WITH MODIFICATIONS at 7 (June 18, 2019).

- One paragraph summary of the filing in accordance with Minn. R. 7829.1300, subp. 1;
- Petition for Approval of 2021 NGEP Rider Surcharges for the Rochester Project;
- Exhibit A: Revised NGEP tariff sheet to reflect the 2021 NGEP Rider surcharge rates effective January 1, 2021;
- Exhibit B: Proposed 2021 NGEP surcharge workpapers and assumptions; and
- Exhibit C: 2019 NGEP Rider true-up calculation and tracker balance.

MERC proposes to notify customers of the implementation of the revised NGEP rate factors via the following bill message, which will appear on bills effective the first month the NGEP surcharge takes effect:

> Revised NGEP (Natural Gas Extension Project) Surcharge rates are in effect as of January 1, 2021. The NGEP Surcharge is a surcharge authorized under Minn. Stat. § 216B.1638 to recover a portion of costs related to the construction of new infrastructure or upgrades to existing natural gas facilities necessary to serve currently unserved or inadequately served areas. The NGEP Surcharge appears as a line item on your bill labeled "Extension Rider." Approved NGEP rates are as follows: Residential Customers $0.00420/therm; Class 1 Electric Generation and all other Class 1 and 2 commercial and industrial customers (including grain dryer classes) $0.00224 /therm; FLEX, Transport-for-Resale, Class 2 Electric Generation, Class 3 grain dryer, and Classes 3, 4, and 5 commercial and industrial customers $0.00036/therm; and Direct Connect customers $0.00001/therm.

I. <u>Summary of Filing</u>

Pursuant to Minn. R. 7829.1300, subp. 1, a one-paragraph summary of the filing is attached.

II. <u>Service</u>

Pursuant to Minn. R. 7829.1300, subp. 2, MERC has served a copy of this petition on the Minnesota Department of Commerce, Division of Energy Resources, and the Minnesota Office of the Attorney General – Residential Utilities Division. The summary of the filing has been served on all parties on the attached general service list.

III. General Filing Information

Pursuant to Minn. R. 7829.1300, subp.3, the following information is provided:

A. Name, Address, and Telephone Number of Filing Party

Minnesota Energy Resources Corporation
2685 145th Street West
Rosemount, MN 55068
(651) 322-8901

B. Name, Address, Electronic Address, and Telephone Number of Attorney for the Utility

Kristin M. Stastny
Taft Stettinius & Hollister LLP
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
KStastny@taftlaw.com
(612) 977-8656

C. Date of the Filing and Date Proposed Agreement Will Take Effect

Date of Filing: April 13, 2020

Proposed Effective Date: Upon Commission Approval

MERC respectfully requests that the Commission rule on this filing by December 15, 2020, so the Company can begin collecting under the rider with the first billing period of 2021.

D. Statute Controlling Schedule for Processing the Filing

MERC submits its request for approval of rider recovery under the NGEP Statute, which authorizes a public utility to petition the Commission outside a general rate case for a rider to recover the revenue deficiency from a natural gas extension project. Under Minn. R. 7829.0100, subp. 11, this petition is a "miscellaneous" filing because no determination of MERC's general revenue requirement is necessary. Comments on a miscellaneous filing are due within 30 days of filing, with replies due 10 days thereafter.[4]

[4] *See* Minn. R. 7829.1400, subps. 1, 4.

E. Signature, Electronic Address, and Title of Utility Employee Responsible for the Filing

Joylyn C. Hoffman Malueg

Joylyn C. Hoffman Malueg
Project Specialist 3
Minnesota Energy Resources Corporation
231 West Michigan Street
Milwaukee, WI 53203
Joylyn.HoffmanMalueg@wecenergygroup.com

F. Description of the Filing, Impact on Rates and Services, and Reasons for the Filing

Pursuant to the NGEP Statute, a public utility may petition the Commission outside of a general rate case for a rider that shall include all of the utility's customers to recover the revenue deficiency from a natural gas extension project. As provided for in the Commission's Rochester Order, the Rochester Project meets the definition of an NGEP because the Rochester Project is necessary to expand the capacity of MERC's natural gas distribution system in and around Rochester, Minnesota. In its June 18, 2019, Order Approving NGEP Rider Surcharge with Modifications in Docket No. G011/M-18-182, the Commission approved MERC's petition for an NGEP Rider for the Rochester Project and authorized recovery of 33 percent of MERC's annual costs through a surcharge applicable to all customers. As provided for in that order, the Commission has approved the recovery of prudent costs through the NGEP Rider and base rates.

Pursuant to the NGEP Statute and the Commission's Rochester Order in Docket No. G011/M-15-895, and consistent with MERC's 2019 NGEP Rider surcharge approved by the Commission in Docket G011/M-18-182, MERC seeks to recover 33 percent of the 2021 annual revenue deficiency related to MERC's Rochester Project, along with the true-up adjustment related to MERC's under-recovery of its authorized 2019 NGEP Rider revenue deficiency in 2019 and true-up for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563. Based on forecasted 2021 Rochester Project capital costs, excluding contingency, MERC has calculated an incremental revenue deficiency for 2021 of approximately $3.02 million. Consistent with the Commission's decision on the Company's 2019 NGEP Rider petition, MERC proposes to recover 33 percent of this forecasted 2021 revenue deficiency through its NGEP Rider, subject to future true-up based on actual costs and recoveries, based on 2021 sales forecasts assuming implementation of the rider surcharge rates on January 1, 2021, and recovery over 12 months.

Additionally, consistent with the Commission's August 26, 2019, Order Suspending GUIC Rider Surcharge for Direct Connect Customers, and Declining to Reopen NGEP Cost Rider Docket in Docket No. G011/M-18-182, and MERC's proposal in its 2020 NGEP Rider filing in Docket No. G011/M-19-608, MERC is proposing to establish an NGEP Rider surcharge rate for its Direct Connect customers that recognizes (1) the significant risk of bypass those customers pose, and (2) the fact that such customers do not require any distribution infrastructure to serve them. In particular, MERC proposes the following surcharges for each customer class:

Customer Class	Proposed 2021 NGEP Rider Surcharge
Residential[5]	$0.00420
Class 1 & 2 Firm (Sales and Transport)	$0.00224
Class 1 & 2 Interruptible (Sales and Transport), Class 1 & 2 Ag Grain Dryer, and Class 1 Electric Generation	$0.00224
Class 3 & 4 Firm (Sales and Transport)	$0.00036
Class 3 &4 Interruptible (Sales and Transport) and Class 3 Ag Grain Dryer	$0.00036
Class 5, FLEX, Transport for Resale, and Class 2 Electric Generation	$0.00036
Direct Connect	$0.00001

If additional information is required, please contact Joylyn Hoffman Malueg at (414) 221-4208 or Kristin Stastny at (612) 977-8656.

DATED: April 13, 2020

Respectfully submitted,

TAFT STETTINIUS & HOLLISTER LLP

By: /s/ Kristin M. Stastny
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Attorney for Minnesota Energy Resources Corporation

[5] The Residential and firm class rates include both Farm Tap and non-Farm Tap customers.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	**Chair**
Valerie Means	**Commissioner**
Matthew Schuerger	**Commissioner**
Joseph K. Sullivan	**Commissioner**
John A. Tuma	**Commissioner**

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of Natural Gas Extension Project (NGEP) Rider True-Up for 2019, Rider Revenue Deficiency for 2021, and Revised Surcharge Factors	Docket No. G011/M-20-____

SUMMARY OF FILING

Please take notice that on April 13, 2020, pursuant to Minnesota Statutes section 216B.1638 and in accordance with Minnesota Rules part 7829.1300, Minnesota Energy Resources Corporation ("MERC" or the "Company") filed with the Minnesota Public Utilities Commission (the "Commission") a Petition to recover 33 percent of the annual revenue deficiency related to MERC's Rochester Natural Gas Extension Project ("Rochester Project"), adjusted to account for the 2019 Natural Gas Extension Project ("NGEP") rider ("NGEP Rider") true-up, through customer surcharges by customer class effective January 1, 2021. Through this filing, MERC is requesting approval of:

- A 2021 forecasted revenue deficiency of $3,023,928 based on forecasted incremental 2021 Rochester Project depreciation expense, property tax expense, incremental operations and maintenance expense, and return on rate base forecasted through the end of 2021, excluding contingency and adjusted to account for offsetting revenues associated with sales growth in the Rochester area. Consistent with the Commission's decision on the Company's 2019 NGEP Rider petition in Docket No. G011/M-18-182, MERC proposes to recover 33 percent of this forecasted 2021 revenue deficiency or $997,896, through the NGEP Rider, subject to future true-up based on actual costs and recoveries;
- A true-up adjustment of $227,236 for the under-recovered 2019 NGEP revenue deficiency based on MERC's actual Rochester Project costs and actual NGEP Rider revenues and to account for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 as a true-up with MERC's NGEP Rider true-up calculation in accordance with the Commission's December 26, 2018, Findings of Fact, Conclusions, and Order;
- NGEP surcharge rates by customer class effective January 1, 2021; and
- Updated NGEP Rider tariff sheet to reflect the 2021 NGEP Rider rate factors effective January 1, 2021.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	**Chair**
Valerie Means	**Commissioner**
Matthew Schuerger	**Commissioner**
Joseph K. Sullivan	**Commissioner**
John A. Tuma	**Commissioner**

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of Natural Gas Extension Project (NGEP) Rider True-Up for 2019, Rider Revenue Deficiency for 2021, and Revised Surcharge Factors	Docket No. G011/M-20-____

PETITION FOR APPROVAL OF NGEP RIDER SURCHARGE RATES FOR THE RECOVERY OF 2021 ROCHESTER PROJECT COSTS AND 2019 TRUE-UP

I. INTRODUCTION

Pursuant to Minnesota Statutes section 216B.1638 ("NGEP Statute"), the Minnesota Public Utilities Commission's ("Commission") May 5, 2017, Order Approving Rochester Project and Granting Rider Recovery with Conditions (the "Rochester Order") in Docket No. G011/M-15-895,[6] June 18, 2019, Order Approving NGEP Rider Surcharge with Modifications in Docket No. G011/M-18-182 ("2019 NGEP Rider Order"), and December 26, 2018, Findings of Fact, Conclusions, and Order in Docket No. G011/GR-17-563, and in accordance with Minnesota Rules part 7829.1300, Minnesota Energy Resources Corporation ("MERC" or the "Company") submits to the Commission this Petition for approval of a Natural Gas Extension Project ("NGEP") rider ("NGEP Rider") to recover a portion of its costs of the Rochester Natural Gas Extension Project (the "Rochester Project"). In particular, MERC requests approval of:

- A 2021 forecasted revenue deficiency of $3,023,928 based on forecasted incremental 2021 Rochester Project depreciation expense, property tax expense, incremental operations and maintenance ("O&M") expense, and return on rate base

[6] *In the Matter of a Petition by Minn. Energy Res. Corp. for Eval. and Approval of Rider Recovery for its Rochester Natural Gas Extension Project*, Docket No. G011/M-15-895, ORDER APPROVING ROCHESTER PROJECT AND GRANTING RIDER RECOVERY WITH CONDITIONS (May 5, 2017) [hereinafter, the "Rochester Order"].

forecasted through the end of 2021, excluding contingency and adjusted to account for offsetting revenues associated with sales growth in the Rochester area. Consistent with the Commission's decision on the Company's 2019 NGEP Rider petition in Docket No. G011/M-18-182, MERC proposes to recover 33 percent of this forecasted 2021 revenue deficiency or $997,896, through the NGEP Rider, subject to future true-up based on actual costs and recoveries;

- A true-up adjustment of $227,236 for the under-recovered 2019 NGEP revenue deficiency based on MERC's actual Rochester Project costs and actual NGEP Rider revenues and to account for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 as a true-up with MERC's NGEP Rider true-up calculation in accordance with the Commission's December 26, 2018, Findings of Fact, Conclusions, and Order;

- NGEP surcharge rates by customer class effective January 1, 2021; and

- Updated NGEP Rider tariff sheet to reflect the 2021 NGEP rate factors effective January 1, 2021.

This Petition seeks approval for the recovery of a portion of the costs incurred to construct the Rochester Project. The Rochester Project is designed to expand the capacity of MERC's natural gas distribution system in and around the City of Rochester to meet current and forecasted demand. MERC filed its first request for the establishment of an NGEP Rider and recovery of 2019 costs through an NGEP surcharge rate in Docket No. G011/M-18-182. The Commission issued its 2019 NGEP Rider Order in that docket on June 18, 2019. Through that proceeding, MERC and the Minnesota Department of Commerce, Division of Energy Resources (the "Department") were able to reach resolution regarding a number of modifications to MERC's NGEP Rider.[7] The Commission's June 18, 2019, Order resolved the remaining disputed issues related to the application of the NGEP Statute's limitation that the Commission not approve an NGEP Rider "that allows a utility to recover more than 33 percent of the costs of

[7] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ORDER APPROVING NGEP RIDER SURCHARGE WITH MODIFICATIONS at 5-6 (June 18, 2019) [hereinafter, the "2019 NGEP Rider Order"]. In particular, (1) MERC agreed to remove contingency costs from the forecasted revenue deficiency calculation; (2) MERC agreed to use its 2019 Minnesota jurisdictional sales forecast for purposes of calculating the surcharge; (3) the parties agreed that MERC could discontinue applying for Destination Medical Center funding as previously ordered; and (4) the Department withdrew its recommendation to adjust the revenue requirement calculation to account for any contributions in aid of construction.

a natural gas extension project."[8] This Petition for recovery of a portion of MERC's 2021 revenue deficiency incorporates those agreements and Commission decisions, addresses additional rate design considerations, and supports the Company's 2019 true-up adjustment.

In this proceeding, MERC is requesting the continuation of the NGEP Rider mechanism as approved in Docket No. G011/M-18-182 to recover the Rochester Project costs incurred through 2021. As discussed below, MERC proposes to recover 33 percent of the forecasted 2021 annual revenue requirement adjusted to account for MERC's 2019 true-up and differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 through surcharges applicable to all customer classes, subject to future true-up based on actual 2021 expense, rate base, and assumptions. MERC is proposing to allocate recovery of the NGEP Rider costs to each customer class based on consideration of the revenue apportionment approved in MERC's last rate case (Docket No. G011/GR-17-563) and the potential risk of bypass posed by the Company's Direct Connect customers. MERC's forecasted incremental annual revenue requirement for 2021 is $3,835,805, amounting to a forecasted incremental revenue deficiency of $3,023,928 after accounting for projected offsetting incremental revenue from forecasted customer sales growth in the Rochester Project area. Consistent with the Commission's 2019 NGEP Rider Order, MERC has calculated proposed surcharges based on recovery of 33 percent of the annual revenue deficiency for 2021, which is equal to $997,896 Additionally, MERC's true-up adjustment for the under-recovered 2019 authorized NGEP revenue requirement based on the Company's actual 2019 Rochester Project costs and actual 2019 NGEP Rider revenues and to account for differences between the 2018 actual Rochester Project capital expenditures and

[8] *See* Minn. Stat. § 216B.1638, subd. 3 (c); 2019 NGEP Rider Order at 6 ("After hearing the arguments of the parties on rider recovery under the NGEP statute, the Commission agrees that the NGEP statute is ambiguous. However, after weighing the two interpretations of the statute, the Commission concludes that the Department's legal interpretation of the NGEP statute is more reasonable, and will result in more just and reasonable rates for ratepayers.").

MERC's capital estimates used in Docket No. G011/GR-17-563 is equal to an under-recovery of $227,236, resulting in an overall 2021 NGEP Rider recovery of $1,225,132.

II. NGEP STATUTE, COMMISSION APPROVAL OF THE ROCHESTER PROJECT FOR NGEP RIDER RECOVERY, 2021 NGEP RIDER, AND 2019 TRUE-UP RECONCILIATION

The NGEP Statute provides that "[a] public utility may petition the Commission outside a general rate case for a rider that shall include all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project." In enacting the NGEP Statute, the Minnesota Legislature determined for the first time that natural gas extension and expansion projects did not need to be self-supporting to be recovered across all customers. Instead, the NGEP Statute authorized recovery of natural gas extension and expansion project costs from customers in other areas, in order to support infrastructure development.

Under the NGEP Statute, the Commission must approve an NGEP petition if it determines that (1) the project is designed to extend natural gas service to an unserved or inadequately served area, and (2) the project costs are reasonable and prudently incurred.[9] In Docket No. G011/M-15-895, the Commission determined that because the Rochester Project upgrades "are necessary to serve 'unserved or inadequately served areas,' they meet the definition of a natural gas extension project under the statute."[10] The Commission further determined that MERC had "demonstrated by a preponderance of the evidence that the Rochester Project is necessary, reasonable, and prudent."[11] The Commission therefore determined that "the Phase II costs are eligible for rider recovery under the NGEP statute,"[12] and authorized MERC to recover the costs of the Rochester Project as proposed by the Company including recovery of "up to 33 percent of its costs to upgrade the Rochester-area

[9] Minn. Stat. § 216B.1638, subd. 1(e).
[10] Rochester Order at 12.
[11] Rochester Order at 3.
[12] Rochester Order at 12.

distribution system through an NGEP rider surcharge on all customers, with the remainder to be recovered through base rates."[13] Further, with respect to the design of rider recovery, the Commission approved MERC's proposal to recover its Phase II costs from all customers across MERC's service areas.[14]

Subsequently, on February 28, 2018, MERC filed a petition for approval of its 2019 forecasted revenue deficiency and 2019 NGEP rate factor applicable to all customers. The Commission issued an Order approving MERC's 2019 NGEP Rider surcharge with modifications on June 18, 2019, and MERC implemented the NGEP Rider surcharge effective with August 1, 2019, bills.

On December 26, 2018, the Commission issued its Findings of Fact, Conclusions, and Order in MERC's 2018 rate case in Docket No. G011/GR-17-563, requiring MERC to include any difference between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in this docket in its upcoming NGEP Rider as a true-up with MERC's NGEP Rider true-up calculation.

On June 28, 2019, MERC filed a request to suspend collection of the NGEP rider surcharge for its Direct Connect customers, who are defined under the Company's tariffs as "(1) customers who are directly connected to the interstate pipeline with no Company-owned underground distribution facilities where (2) no non-Direct Connect customers are served off of the same point of interconnection."[15] MERC's proposal to exclude the Direct Connect customers from the NGEP Rider surcharge was intended to address the substantial risk of bypass posed by those customers with no distribution infrastructure required to serve them. On August 26, 2019, the Commission issued an Order Suspending GUIC Rider Surcharge for Direct Connect Customers, and Declining to Reopen NGEP Cost Rider Docket, declining to

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[13] Rochester Order at 3.
[14] Rochester Order at 14.
[15] 3rd Revised Tariff Sheet No. 6.50.

suspend MERC's NGEP Cost rider surcharge. Although the Commission concluded that MERC's "Direct Connect customers can credibly threaten to bypass MERC's system, and that the combined effects of the GUIC and NGEP rider surcharges are sufficient to potentially motivate a Direct Connect customer to bypass MERC's system," the Commission ultimately found that the NGEP statute "requires application of that surcharge to all customers."

On September 30, 2019, in Docket No. G011/M-19-608, MERC filed a petition forecasting a revenue deficiency for 2020 of approximately $2.4 million for MERC's projected 2020 incremental expense, and requesting recovery of 33 percent, or $796,167, though the NGEP Rider.[16] The Department and the OAG filed comments on February 11, 2020,[17] and the Company filed reply comments on February 28, 2020.[18] That docket was still pending as of the filing of this Petition.

MERC now submits this petition to implement the 2021 NGEP surcharge for recovery of its 2021 costs for the Rochester Project, as previously approved for rider recovery by the Commission in Docket Nos. G011/M-15-895 and G011/M-18-182, and consistent with the Company's request in Docket No. G011/M-19-608. In particular, MERC seeks approval of its 2021 NGEP-eligible annual revenue deficiency related to the previously-approved Rochester Project and approval of customer class NGEP Rider surcharge rates for the recovery of the NGEP authorized annual revenue deficiency amount based on consideration of the revenue

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[16] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Nat. Gas Extension Project (NGEP) Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, MERC PETITION at 1 (Sept. 30, 2019). MERC submitted Reply Comments in that docket on February 28, 2020, which included an updated 2020 revenue deficiency of $2,044,367, incorporating updates to depreciation expense and offsetting revenues, and proposed $674,641 to be recovered through the NGEP Rider. *In the Matter of Minn. Energy Res. Corp.'s Request for Approval of 2020 Natural Gas Extension Project Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, REPLY COMMENTS OF MINNESOTA ENERGY RESOURCES CORPORATION (Feb. 28, 2019).

[17] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Nat. Gas Extension Project (NGEP) Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, DEPARTMENT COMMENTS, OAG COMMENTS (Feb. 11, 2020).

[18] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Nat. Gas Extension Project (NGEP) Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, MERC REPLY COMMENTS (Feb. 28, 2020).

apportionment approved in Docket No. G011/GR-17-563, the potential risk of bypass posed by the Company's Direct Connect customers, and other rate design considerations as discussed in this filing.

As discussed below, (1) MERC's proposed 2021 Rochester Project costs for which it is seeking recovery in this Petition are reasonable and should be approved, subject to future true-up; (2) MERC's calculation for the recovery of 33 percent of its forecasted 2021 revenue deficiency is consistent with the NGEP Statute and Commission Order in Docket No. G011/M-18-182; (3) MERC's proposed rate design for the surcharge recovery is consistent with the NGEP Statute, prior Commission decisions, and relevant revenue apportionment considerations; and (4) MERC's 2018 and 2019 true-up calculations, based on actual 2018 and 2019 costs and revenues is reasonable and supported.

MERC has previously provided, or is providing in this filing, all required filing information under the NGEP Statute. In particular, Minn. Stat. § 216B.1638, subd. 2, requires a utility petitioning for NGEP rider recovery to provide the following information:

(1) a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area;

(2) the project's construction schedule;

(3) the proposed project budget;

(4) the amount of any contributions in aid of construction ("CIAC");

(5) a description of efforts made by the public utility to offset the revenue deficiency through CIACs;

(6) the amount of the revenue deficiency, and how recovery of the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers;

(7) the proposed method to be used to recover the revenue deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery;

(8) the proposed termination date of the rider to recover the revenue deficiency; and

(9) a description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project.

A. <u>The Rochester Project is a Rider-Eligible Natural Gas Extension Project.</u>

The Commission approved MERC's Rochester Project as a qualifying NGEP in the Rochester Order dated May 5, 2017, in Docket No. G011/M-15-895.[19] MERC filed for its initial NGEP Rider surcharge and received approval from the Commission by Order dated June 18, 2019, in Docket No. G011/M-18-182. The Company filed for its second NGEP Rider surcharge on September 30, 2019, in Docket No. G011/M-19-608, which is still pending. Consistent with MERC's original and currently-pending petitions, this section of the Petition provides a description of the overall Rochester Project, an update on the current Rochester Project construction schedule, and current proposed budget by year, including the forecasted 2021 expenditures that are the subject of this Petition. This section supports the reasonableness of the costs MERC proposes to recover through the NGEP Rider surcharge effective January 1, 2021.

1. Project Description and Customers to be Served

Minnesota Statutes section 216B.1638, subdivision 2(b)(1) requires that an NGEP Rider filing include "a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area." As discussed in detail in Docket No. G011/M-15-895, the Rochester Project will address the system and capacity constraints within the southeastern region of Minnesota using a two-pronged approach. The first prong involves a new, 25-year contract with Northern Natural Gas ("NNG") that increased MERC's

[19] In the Rochester Order, the Commission noted MERC's agreement that the Company would be responsible to justify the actual costs of the Rochester Project in future rate case and rider proceedings. Rochester Order at 13.

allotted firm interstate pipeline capacity to the southeastern region. The second prong involves upgrades to MERC's distribution system that will address existing constraints and allow the system to handle the increased natural gas capacity from NNG. MERC has already started upgrading its distribution system as part of the Rochester Project. In 2015, the Company finished the Phase I improvements to its distribution system in Rochester.[20] The Commission authorized recovery of MERC's Phase I improvements of approximately $5.6 million in the Company's 2016 rate case.[21]

The Phase II portion of the Rochester Project involves the construction of a new 13-mile long high-pressure pipeline that interconnects a rebuilt town border station ("TBS") with a new TBS and new high-pressure district regulator stations ("DRS"), which will tie together the northern and southern portions of MERC's existing TBS system. These upgrades will allow MERC to efficiently manage the increased supply of natural gas delivered to its distribution system to meet customer demand.[22] As discussed previously in Docket Nos. G011/M-15-895 and G011/M-18-182, and the Company's pending NGEP Rider filing in Docket No. G011/M-19-608, the Rochester Project upgrades are necessary to provide continued safe and reliable natural gas service to customers in the City of Rochester and surrounding local communities. The entire southeastern area has experienced continued population increases in recent years, including industrial and residential expansion, in large part due to the expanding health care facilities in and around the City of Rochester. MERC forecasted growth in customer usage by customers served in the Rochester area, as discussed in Docket No. G011/M-15-895.[23]

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[20] Phase I of the Rochester Project included modernizing, standardizing, and interconnecting portions of MERC's district regulator stations and piping within the City of Rochester to more efficiently and effectively balance the flow of natural gas on this low-pressure distribution system and prepare the system for Phase II work.

[21] *See In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G011/GR-15-736, FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDATION at 77 (Aug. 19, 2016).

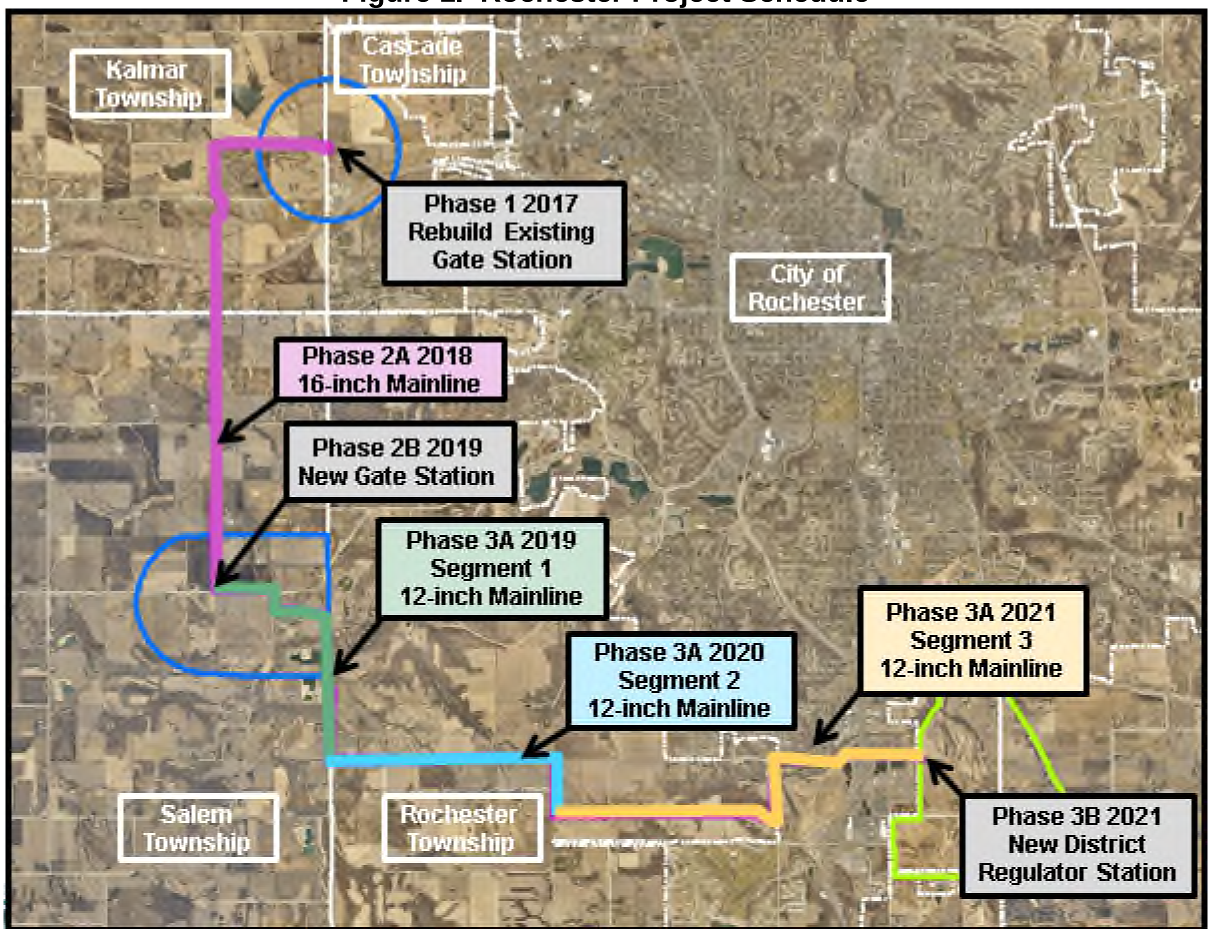
[22] The new pipeline was the subject of a separate route permit proceeding before the Commission in Docket No. G011/GP-15-858.

[23] *In the Matter of a Petition by Minn. Energy Res. Corp. for Eval. and Approval of Rider Recovery for Its Rochester Nat. Gas Extension Project*, Docket No. G011/M-15-895, INITIAL FILING at 22 (Oct. 26, 2015).

2. Current Project Construction Schedule

Minnesota Statutes section 216B.1638, subdivision 2(b)(2) requires that an NGEP Rider filing include the project's construction schedule. MERC previously provided the proposed Rochester Project schedule in Docket Nos. G011/M-15-895, G011/GP-15-858, G011/M-18-182, and G011/M-19-608. A general overview of the Rochester Project area and construction schedule as currently forecast is provided in Figure 1 below.

Figure 1. Rochester Project Schedule



MERC started construction of Phase II in 2017 and plans to complete Phase II in 2021.[24] Phase II includes five major construction activities:

The projected Rochester area growth includes Olmsted County, and the communities of Kasson and Blooming Prairie located in Dodge County, immediately west of Olmsted County.

[24] At this time, MERC is projecting to have Phase II facilities in service by the end of 2021, although restoration work likely will continue into 2022.

(1) Reconstruction of TBS #1D, which was completed and placed into service in December 2017;

(2) Construction of approximately 5 miles of 16-inch steel mainline from TBS #1D to TBS #2, which was completed and placed into service in November 2018;

(3) Construction of new TBS #2, which was completed and placed in service in November 2019;

(4) Construction of approximately 9 miles of 12-inch steel mainline from new TBS #2 to new DRS #90 which is planned to be completed in three segments. The first segment was completed and placed in service in November 2019. The second and third segments are anticipated to be placed into service in 2020 and 2021, respectively; and

(5) Construction of new DRS #90, which is anticipated to be placed into service in 2021.

Specific to 2019, the work completed for the Rochester Project included (1) the TBS #2, and (2) the 12-inch mainline segment #1, which included approximately 2.5 miles of 12-inch steel high-pressure main. Both the main and the station were placed in-service in November 2019, as explained above. Some minor costs were incurred associated with restoration on the 16" line, and design and easement costs for future work.

Currently, Phase II construction activities are running ahead of MERC's original schedule. The incremental costs proposed for recovery in this Petition for 2021 are primarily related to the third segment of the 12-inch steel mainline from the new TBS #2 to new DRS #90 and construction of the new DRS #90.

3. Project Budget and Prior Cost Recoveries

Minnesota Statutes section 216B.1638, subdivision 2(b)(3) requires that an NGEP Rider filing include the proposed project budget. Table 1 below provides the current Phase II Rochester Project spending schedule by year, including actual costs incurred in 2014-2019 and estimated costs for 2020-2022.

Actual costs incurred from 2014-2016 were primarily for the initial environmental review, consultant contract, regulatory review, engineering and design, and route surveys. Construction spending began in earnest in 2017, including surveys, easement acquisition, and additional engineering and design work, and is expected to continue through 2021.[25] Table 1, below, includes the actual costs incurred for 2014 through 2019 for specific Rochester Project construction activities, as well as forecast costs for 2020 and 2021.

Table 1. Rochester Phase II Project Construction Activities and Costs

	Station 1D	16-inch Mainline	Rochester #2	12-inch Mainline	Station #90	Total by Year
2014	$ 12,188	$ 56,436	$ 17,872	$ 88,573	$ 9,996	$ 185,066
2015	$ 33,737	$ 156,218	$ 49,472	$ 245,176	$ 27,670	$ 512,273
2016	$ 99,386	$ 460,198	$ 145,738	$ 722,258	$ 81,511	$ 1,509,092
2017	$ 2,248,235	$ 398,239	$ 140,614	$ 641,736	$ 57,671	$ 3,486,494
2018	$ 282,405	$ 8,045,086	$ 170,369	$ 995,844	$ 10,010	$ 9,503,714
2019	$ 50,010	$ 242,639	$ 3,161,493	$ 4,484,448	$ (49,536)	$ 7,889,054
2020	$ 25,976	$ -	$ 9,948	$ 7,872,427	$ 194,928	$ 8,103,279
2021	$ 100,000	$ -	$ -	$ 9,223,954	$ 1,730,513	$ 11,054,467
2022	$ -	$ -	$ -	$ 76,845	$ 8,655	$ 85,500
2023	$ -	$ -	$ -	$ -	$ -	$ -

MERC's Phase I Rochester Project costs were recovered in MERC's 2016 general rate case in Docket No. G011/GR-15-736.[26] By Order dated February 8, 2016, the Commission moved all Rochester Project Phase II costs and issues from the general rate case to Docket No. G011/M-15-895, for separate consideration as a stand-alone contested case.[27] As approved, Phase II of the Rochester Project is expected to cost approximately $44 million.

In Docket No. G011/GR-17-563, the Commission authorized recovery of MERC's Rochester Phase II costs through the 2018 test year based on 2017 actual rate base and the 2018 projected 13-month average rate base.[28] Additionally, in Docket No. G011/GR-17-563, the Commission required MERC to address any difference between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in that docket in its NGEP

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[25] Initial estimates included some modest project close-out costs in 2023. The current schedule projects an earlier completion date in 2022.
[26] *See In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G011/GR-15-736, FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDATION at 77 (Aug. 19, 2016).
[27] *See In the Matter of a Petition by Minn. Energy Res. Corp. for Eval. and Approval of Rider Recovery for its Rochester Nat. Gas Extension Project*, Docket No. G011/M-15-895, NOTICE OF AND ORDER FOR HEARING at 8 (Feb. 8, 2016). However, the Commission also approved the agreement between MERC and the Department that MERC be allowed to defer Phase II capital costs with a current return.
[28] *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Service in Minn.*, Docket No. G011/GR-17-563, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 18 (Dec. 26, 2018).

Rider as a true-up with MERC's NGEP Rider true-up calculation to ensure that any overestimate of projected costs built into base rates can be corrected for. Consistent with the Commission's Order in Docket No. G011/GR-17-563, MERC is accounting for actual 2018 Rochester Project capital expenditures and costs through this true-up filing. In particular, as discussed below, MERC has accounted for a true-up to the 2018 actual depreciation expense and property tax expense relative to authorized expense in Docket No. G011/GR-17-563, as shown in Exhibit C. Additionally, MERC has trued up rate base to 2018 actuals such that the incremental rate base calculation accounts for differences between 2018 and 2019 forecasts and actuals and are captured in the true up.

On February 28, 2018, in Docket No. G011/M-18-182, MERC filed a petition requesting recovery of its forecasted 2019 revenue deficiency of $1.3 million for Rochester Project costs to be incurred through 2019. By Order dated June 18, 2019, the Commission approved MERC's 2019 NGEP Rider recovery with modifications including exclusion of any contingency and limiting recovery through the NGEP Rider to 33 percent of the annual revenue deficiency.[29] As reflected in MERC's July 2, 2019, Compliance Filing, those modifications resulted in an authorized annual NGEP Rider revenue deficiency for recovery through the NGEP Rider surcharge of $400,989.[30] MERC implemented an NGEP Rider surcharge rate of $0.00052 per therm applicable to all customers effective August 1, 2019, based on 12 months of sales and the Company's 2019 forecasted Minnesota jurisdictional sales, subject to future true-up.

On September 30, 2019, in Docket No. G011/M-19-608, MERC filed a petition requesting approval of a 2020 forecasted revenue deficiency for MERC's forecasted 2020 costs related to the Rochester Project, with 33 percent to be recovered through the NGEP Rider,

[29] 2019 NGEP Rider Order at 6-7.
[30] *In the Matter of Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, MINNESOTA ENERGY RESOURCES CORPORATION'S REVISED NGEP COMPLIANCE SCHEDULE (July 2, 2019).

subject to future true-up.[31] In that docket, MERC proposed revised NGEP surcharge rates by customer class effective January 1, 2020, and to continue to collect the previously-approved surcharge rate of $0.00052 per therm until the Commission authorized new rates. MERC submitted Reply Comments in that docket on February 28, 2020, which included an updated 2020 revenue deficiency of $2,044,367, incorporating updates to depreciation expense and offsetting revenues, and proposed $674,641 to be recovered through the NGEP Rider.[32] At the time of this filing, MERC's 2020 NGEP Rider petition was still pending a decision by the Commission. MERC continues to collect the $0.00052 per therm and proposes to continue to do so until the Commission approves revised surcharge rates. Through this filing, MERC is proposing to begin recovery of its 2021 NGEP Rider-eligible revenue deficiency and 2019 true-up through revised NGEP Rider surcharge rates effective January 1, 2021.

Minnesota Statutes section 216B.1638, subdivision 3(c), authorizes the Commission to approve rider recovery of up to 33 percent of costs of an NGEP. As previously mentioned, in MERC's original Petition for an NGEP Rider Surcharge filed in Docket G011/M-18-182, MERC's position was that the NGEP Statute allows for approval of 33 percent of the costs of the overall NGEP (i.e., 33 percent of the authorized $44 million). The Department disagreed with MERC, arguing that the 33 percent cap applied to the annual revenue requirement calculation for 2019. The Commission determined that the statute was ambiguous and after weighing the two interpretations of the statute, concluded that the Department's interpretation was more reasonable and would result in more just and reasonable rates for ratepayers. Thus, the

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[31] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Nat. Gas Extension Project Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, MERC PETITION at 1 (Sept. 30, 2019).

[32] *In the Matter of Minn. Energy Res. Corp.'s Request for Approval of 2020 Natural Gas Extension Project Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, REPLY COMMENTS OF MINNESOTA ENERGY RESOURCES CORPORATION (Feb. 28, 2019).

Commission concluded that the 33 percent limitation applies to the annual incremental revenue requirement or revenue deficiency.[33]

Consistent with the Commission's decision regarding interpretation of the NGEP Statute, as explained above, MERC is proposing recovery of only 33 percent of the 2021 Rochester Project revenue deficiency.[34] Based on MERC's forecasted capital costs in 2021 for the ongoing construction of the Rochester Project and recovery of incremental O&M, depreciation expense, and property taxes, and true-up reconciliation of 2018 and 2019 costs, MERC is proposing 2021 NGEP Rider recovery of $1,225,132. Details regarding the additional assumptions applied to the calculation of the 2021 NGEP Rider are discussed below.

B. <u>Contributions in Aid of Construction</u>

Minnesota Statutes section 216B.1638, subdivision 2(b)(4) and (5) require that a petition for approval of an NGEP Rider include the amount of any CIAC and a description of the efforts made by the utility to offset the proposed revenue deficiency through CIACs. Additionally, the Commission's Order in Docket No.G011/M-15-895 required that MERC provide, in its annual NGEP filing, a discussion and supporting data explaining all work performed within the Destination Medical Center ("DMC") development district boundaries, with the amount of Destination Medical Center Corporation ("DMCC") funding applied for and received.

In its 2019 NGEP Rider Order in Docket No. G011/M-18-182, the Commission authorized MERC to discontinue applying for DMC funding for projects within the DMCC boundaries as previously ordered in Docket No. G011/M-15-895.[35]

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[33] 2019 NGEP Rider Order at 6.

[34] MERC also requested recovery of 33 percent of the Company's projected 2020 revenue deficiency through the NGEP Rider in Docket No. G011/M-19-608. *See In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Nat. Gas Extension Project (NGEP) Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, MERC PETITION at 1 (Sept. 30, 2019). This matter, however, has yet to be considered by the Commission.

[35] 2019 NGEP Rider Order at 7.

As discussed during the contested case in Docket No. G011/M-15-895, while new customers may be required to pay a CIAC to connect to MERC's distribution system under MERC's service extension tariffs, customers will not be connected directly to Phase II of the Rochester Project. All of Phase II relates to improvements to MERC's TBS system, which receives the natural gas transmitted by NNG and feeds it to MERC's distribution system, which then delivers the gas to customers. There is therefore no MERC customer CIAC to offset the total revenue requirements for the Rochester Project[36]; CIACs related to new customer connections in the Rochester area are not applicable to the Rochester Project costs. The issue of offsetting CIACs was addressed and resolved in MERC's 2019 NGEP Rider in Docket No. G011/M-18-182. As reflected in the Commission's 2019 NGEP Rider Order in that docket, the Department agreed to withdraw its recommended adjustment related to CIAC, "acknowledging that as defined by and in the context of projects covered by the NGEP statute, CIACs are limited to amounts paid by a developer or a local unit of government, and do not apply to the facts of this matter."[37]

C. <u>Revenue Deficiency for 2021 Rider Recovery</u>

Minnesota Statutes section 216B.1638, subdivision 2(b)(6) requires that a Petition for an NGEP Rider include the amount of the revenue deficiency, and how recovery of the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers. The statute defines the revenue deficiency as:

> The deficiency in funds that results when [1] projected revenues from customers receiving natural gas service as the result of a natural gas extension project, plus [2] any contribution in aid of

[36] *In the Matter of the Petition of Minn. Energy Res. Corp. for Eval. and Approval of Rider Recovery for its Rochester Nat. Gas Extension Project*, Docket No. G011/M-15-895, INITIAL FILING at 29-30 (Oct. 26, 2015).
[37] 2019 NGEP Rider Order at 6.

> construction paid by these customers, fall short of the total revenue requirement of the natural gas extension project.[38]

The calculation of the revenue deficiency "must include [1] the currently authorized rate of return, [2] incremental income taxes, [3] incremental property taxes, [4] incremental depreciation expenses, and [5] any incremental operation and maintenance costs."[39]

In accordance with Minn. Stat. § 216B.1638, subd. 3(d), MERC's 2021 revenue deficiency calculation, which is included as Exhibit B to this Petition, includes the currently-authorized rate of return,[40] incremental income taxes,[41] incremental property taxes, incremental depreciation expenses,[42] and incremental O&M expense.[43] The calculation of the revenue requirement was performed using (1) the applicable tax rate under the 2017 Tax Cuts and Jobs Act; (2) the 9.7 percent return on equity authorized in MERC's 2018 rate case, Docket No. G011/GR-17-563; and (3) prorated accumulated deferred income taxes ("ADIT") in compliance with Internal Revenue Service ("IRS") normalization rules. In particular, the tax gross-up factor of 1.402 reflects the gross revenue conversion factor approved in MERC's 2018 test year rate case in Docket No.G011/GR-17-563. MERC proposes that the 2021 NGEP Rider revenue deficiency be calculated based on the 2018 test year final authorized weighted average cost of capital of 6.6971 percent as approved in Docket No. G011/GR-17-563. As shown in Exhibit B, the annual revenue requirement is calculated based on the 13-month average incremental rate

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[38] Minn. Stat. § 216B.1638, subd. 1(f). The "total revenue requirement" of a project means "the total cost of extending and maintaining natural gas service to a currently unserved or inadequately served area." Minn. Stat. § 216B.1638, subd. 1(g).
[39] Minn. Stat. § 216B.1638, subd. 3(d).
[40] As approved in Docket No. G011/GR-15-736.
[41] MERC has also included proration of accumulated deferred income taxes ("ADIT") in accordance with Internal Revenue Service ("IRS") requirements related to normalization.
[42] Using depreciation rates as approved in Docket No. G011/D-19-377.
[43] With respect to incremental O&M expense, MERC is proposing to include forecasted O&M expense in the 2021 NGEP Rider based on the actual incremental O&M expense included in the 2019 true-up reconciliation. As discussed below, this includes MERC's actual costs associated with the regulatory filing and proceedings in Docket No. G011/M-18-182, MERC's 2019 Rochester Project NGEP Rider petition.

base balance. MERC has also included a proration of the projected federal monthly ADIT, per the formula provided in the Treasury Reg. 1.167(1)-(h)(6)(ii).

The calculation of the 2021 revenue deficiency, presented in Exhibit B, was derived as follows:

- MERC used the Rochester Project average rate base, depreciation expense, and property tax expense already included in customer rates per the 2018 MERC rate case (Docket No. G011/GR-17-563) as the basis for the NGEP Rider calculation.
- MERC calculated the projected 13-month average balance of rate base through 2021 based on 2018 and 2019 actuals, inclusive of removal activity, and the most current 2020 and 2021 forecasted rate base, adjusted for ADIT proration. MERC also calculated depreciation expense,[44] property tax expense, and O&M expense related to the Rochester Project in 2021. The difference between the 2021 forecast and the 2018 rate case costs were then used to calculate the total 2021 revenue requirement for the NGEP Rider.
- The incremental average rate base forecasted through 2021 (adjusted for ADIT proration) was multiplied by the rate of return authorized in MERC's most recent rate case, Docket No. G011/GR-17-563 (6.6971 percent), and grossed up for income taxes. The tax gross-up factor of 1.402 reflects the gross revenue conversion factor approved in Docket No. G011/GR-17-536.
- Sales growth through 2018 was already recognized in the 2018 rate case. However, MERC expects to recognize additional incremental sales growth in the Rochester area, as reflected in MERC's forecast in Docket No. G011/M-15-895. Additional 2021 margin revenues of approximately $811,877 are forecast to be realized as a

[44] In particular, as shown in Exhibit B, MERC has calculated depreciation expense for actual and forecasted plant in service balances for FERC account 376 – Mains, 379 – City Gate Stations, and 397-Communication Equipment, based on the depreciation rates approved in Docket No. G011/D-19-377 by Order dated January 8, 2020.

result of the Rochester area sales growth for the period 2019 through 2021.[45] Therefore, MERC subtracted the incremental revenue from the 2021 costs, leaving a revenue deficiency of $3,023,928 for 2021.

- MERC calculated 33 percent of the 2021 incremental revenue deficiency of $3,023,928 to determine the NGEP-rider eligible revenue recovery of $977,896 for 2021.
- MERC adjusted the NGEP-eligible 2021 revenue deficiency to account for the differences between 2018[46] and 2019 forecast and actual rate base. MERC calculated a true-up adjustment of $227,236 related to the under-recovery of actual NGEP Rochester Project costs in 2018 and 2019. Including this true-up adjustment in the 2021 NGEP-eligible revenue deficiency results in an overall 2021 NGEP-eligible recovery amount of $1,225,132.
- MERC allocated the resulting $1,225,132 NGEP revenue deficiency among customer classes as discussed in greater detail below, based on forecasted 2021 Minnesota jurisdictional sales, to develop proposed NGEP Rider surcharge rates by customer class. A minimal rate of $0.00001/therm was assigned to the Direct Connect customers in compliance with the NGEP Statute, which requires collection of the costs from all customer classes. The remaining costs were allocated based generally upon the revenue apportionment approved in the Company's 2018 rate case, with some changes to address concerns related to simply applying the allocation proportions as approved in Docket No. G011/GR-17-563, as explained in detail in Part D, below.

[45] Based on actual 2019 sales and forecasted 2020 and 2021 sales growth.
[46] MERC adjusted the NGEP-eligible revenue deficiency to account for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in Docket No. G011/GR-17-563 in accordance with the Commission's December 26, 2018, Findings of Fact, Conclusions, and Order.

Any differences between the 2021 forecasted costs and recoveries and actual costs and recoveries will be trued up in MERC's 2021 true-up reconciliation calculation to be filed in 2022. A discussion of the true-up is provided in Section E.2 below.

D. Allocation of Cost Recovery Among Customers and Proposed Method of Rider Recovery

Minnesota Statutes section 216B.1638, subdivision 2(b)(7) requires that the Petition include the proposed method to be used to recover the revenue deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery. Subdivision 2(a) of the statute provides that the rider "shall include all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project." In its original request for approval of the Rochester Project in Docket No. G011/M-15-895 and its 2019 NGEP Rider petition in Docket No. G011/M-18-182, MERC proposed, and the Commission approved, to apply MERC's NGEP Rider to all its customers through a flat per-therm rate.[47]

On June 28, 2019, MERC filed a request to suspend collection of the NGEP Rider surcharge for its Direct Connect customers, who are defined under the Company's tariffs as "(1) customers who are directly connected to the interstate pipeline with no Company-owned underground distribution facilities where (2) no non-Direct Connect customers are served off of the same point of interconnection."[48] MERC's proposal to exclude the Direct Connect customers from the NGEP Rider surcharge was intended to addresses the substantial risk of bypass posed by those customers with no distribution infrastructure required to serve them.

On August 26, 2019, the Commission issued an Order Suspending GUIC Rider Surcharge for Direct Connect Customers, and Declining to Reopen NGEP Cost Rider Docket,

[47] Rochester Order at 13, 18 (Order Point 5); 2019 NGEP Order at 6 ("Accordingly, the Commission will allow MERC to recover its forecasted 2019 revenue deficiency… using a rider surcharge factor of $0.00050 per therm applicable to all customer classes…").
[48] 3rd Revised Tariff Sheet No. 6.50.

declining to suspend MERC's NGEP Cost rider surcharge.[49] Although the Commission concluded that MERC's "Direct Connect customers can credibly threaten to bypass MERC's system, and that the combined effects of the GUIC and NGEP rider surcharges are sufficient to potentially motivate a Direct Connect customer to bypass MERC's system," the Commission ultimately found that the NGEP statute "requires application of that surcharge to all customers."[50]

On September 30, 2019, MERC filed a petition with the Commission for approval to recover a portion of its 2020 Rochester Project costs through the NGEP Rider.[51] In that petition, MERC proposed to allocate recovery of the 2020 NGEP Rider-eligible revenue deficiency to each customer class based on consideration of the revenue apportionment approved in Docket No. G011/GR-17-563, as well as to balance the potential risk of bypass posed by the Company's Direct Connect customers with the Commission's determination that the NGEP Statute requires application of a surcharge rate to all of MERC's customers. Specifically, the Company assigned a rate of $0.00001 per therm to Direct Connect customers and all remaining costs were allocated to the other customer classes. As of the filing of this petition, the Commission has not yet made a decision with respect to the Company's proposed allocation of cost recovery among customers in Docket No. G011/M-19-608.

As shown in Exhibit B and reflected in the proposed tariff sheet in Exhibit A, MERC is again proposing to allocate recovery of the 2021 NGEP Rider-eligible revenue deficiency to each customer class based on the revenue apportionment approved in the Company's last rate

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[49] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Natural Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ORDER SUSPENDING GUIC RIDER SURCHARGE FOR DIRECT CONNECT CUSTOMERS, AND DECLINING TO REOPEN NGEP COST RIDER DOCKET (Aug. 26, 2019).
[50] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Natural Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ORDER SUSPENDING GUIC RIDER SURCHARGE FOR DIRECT CONNECT CUSTOMERS, AND DECLINING TO REOPEN NGEP COST RIDER DOCKET at 6-7 (Aug. 26, 2019).
[51] *In the Matter of Minn. Energy Res. Corp.'s Request for Approval of 2020 Natural Gas Extension Project Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, MERC PETITION (Sept. 30, 2019).

case, Docket No. G011/GR-17-563, and based on consideration of the potential risk of bypass posed by the Company's Direct Connect customers. Specifically, the Direct Connect customers have been assigned a rate of $0.00001 per therm and all remaining costs are allocated to the other customer classes.

1. 2021 Forecasted Sales by Customer Class

As shown in Exhibit B, MERC has developed a 2021 Minnesota jurisdictional sales forecast by customer class in order to allocate the 2021 revenue deficiency and determine the per-therm rate for each applicable customer class. MERC utilized the same methodology and approach to developing this 2021 sales forecast as was used to develop the sales forecasts that were submitted in Docket No. G011/GR-17-563. Consistent with the Commission's decision in Docket No. G011/M-18-182, MERC has excluded Michigan sales from the NGEP Rider surcharge. The resulting total Minnesota jurisdictional sales for purposes of determining the 2021 NGEP Rider surcharge rates is 876,307,816 therms. Table 2 below summarizes MERC's 2021 forecasted sales by customer class.

Table 2. 2021 Sales Forecast by Customer Class

Customer Class	2021 Forecasted Sales
Residential	193,400,435
Firm Class 1	8,610,571
Firm Class 2	107,424,745
Firm Class 3	4,988,029
Interruptible Sales Class 1 and Power Generation Class 1	272,343
Interruptible Sales Class 2	17,792,033
Interruptible Sales Class 3	19,984,032
Interruptible Sales Class 4	3,787,601
Interruptible Transport Class 2	2,525,425
Interruptible Transport Class 3	137,348,623
Interruptible Transport Class 4	27,028,214
Interruptible Transport Class 5	25,864,706
Power Generation Class 2	47,155,178
Flex and Transport for Resale	25,824,188
Direct Connect	254,301,693
Total 2021 Forecasted Sales	**876,307,816**

Differences between actual NGEP surcharge recovery based on Commission-approved surcharge rates and 2021 NGEP-eligible expense will be captured in the reconciliation process to account for any differences in costs and recoveries, including any differences attributable to sales.

2. Customer Class Allocation and Surcharge Rates

In calculating the recommended surcharges by customer class, MERC began with volumetric rider surcharge rates based on the non-gas revenue apportionment approved in MERC's most recent rate case. In particular, the Commission approved the following revenue apportionment in its Findings of Fact, Conclusions, and Order in Docket No. G011/GR-17-563:

Table 3. Test Year 2018 Customer Revenue Apportionment

Customer Class	% of Revenue Requirement (excluding gas costs)
Residential	62.5%
Firm Sales	23.5%
Interruptible Sales	3.5%
Transport	10.5%

Applying the allocation proportions as approved in Docket No. G011/GR-17-563 would result in the following charges and average annual customer rate impacts:

Table 4. NGEP Rider Surcharge Calculations Based on Docket No. G011/GR-17-563 Revenue Apportionment Percentages

Customer Class	NGEP Rider Surcharge	Average Annual Cost
Residential	$0.00396	$3.51
Firm Sales	$0.00238	$12.25
Interruptible Sales	$0.00102	$81.37
Transportation	$0.00025	$566.88

However, as noted in the Company's 2020 NGEP Rider filing and Reply Comments in Docket No. G011/M-19-608, MERC has identified concerns with these results which support adjustments from the straight revenue apportionment percentages to ensure the proposed rate design is in the public interest.[52] Establishing differential rider rates for firm, interruptible, and transportation service customers within the same class (i.e., class 1, 2, 3, 4, and 5) has the potential to create inappropriate price signals and encourage customers to move from firm to interruptible, or from system-sales to transportation service based on the rider rates.

Under MERC's tariff offerings, commercial and industrial customers may elect to take distribution service on a firm or interruptible basis where interruptible customers have a lower priority than firm customers, agreeing to curtail their service when called upon to do so. Commercial and industrial customers also can elect to have MERC arrange for their interstate gas commodity deliveries (these customers are referred to as system-sales customers) or to

[52] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Nat. Gas Extension Project (NGEP) Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, MERC INITIAL PETITION at 18-19 (Sept. 30, 2019), MERC REPLY COMMENTS at 18-21 (Feb. 28, 2020).

have a third-party marketer or other entity arrange for their gas commodity deliveries (referred to as transportation customers). Customers will received the same benefits resulting from the Rochester Project investments on MERC's distribution system regardless of whether they purchase their interstate natural gas from MERC or a third-party marketer. Establishing differential NGEP Rider surcharge rates for customers with the same usage depending on whether the customer elects to have MERC or a third party arrange for interstate pipeline gas deliveries creates unreasonable price signals and could encourage customers to move to transportation service.

Likewise, establishing differential per-therm surcharge rates for a customer electing firm versus interruptible service fails to recognize the benefits of the Rochester Project for both firm and interruptible customers, creating inappropriate price signals. MERC's base distribution rate structure already appropriately reflects the increased risk borne by interruptible customers in electing to take interruptible service. Those customers receive a reduced distribution rate in exchange for being subject to curtailment when called upon to interrupt their usage. Recently, MERC has taken steps to significantly narrow the differential between firm and interruptible distribution rates to appropriately recognize the reduced risk of interruption following the addition of the Rochester pipeline capacity.[53] In Docket No. G011/GR-17-563, MERC proposed, and the Commission approved, a significant reduction to the differential between interruptible and firm rates. As discussed in that docket,

> [T]hough [interruptible] customers will still be subject to curtailments called for distribution constraints, the likelihood that they are interrupted for any reason will decrease once the additional capacity is made available to MERC. Thus, their agreement to be interrupted when called upon provides a smaller benefit to the system and may merit a smaller discount. . . . The

[53] These changes were undertaken in response to the Commission's direction in its order approving the Rochester Project to require MERC to address whether its interruptible sales rate structure should be adjusted to reflect the capacity provided by the Rochester Project. *In the Matter of a Petition by Minn. Energy Res. Corp. for Eval. and Approval of Rider Recovery for its Rochester Nat. Gas Extension Project*, Docket No. G011/M-15-895, ORDER APPROVING ROCHESTER PROJECT AND GRANTING RIDER RECOVERY WITH CONDITIONS at 16, 19 (May 4, 2017) ("MERC's interruptible sales and transportation rates should be reexamined in light of their reduced risk of being curtailed once the Project is completed.").

> narrower differential is appropriate because the likelihood of interruption on MERC's system is relatively low, and correspondingly the discount for interruptible service should be relatively small. This shift in rates should encourage more customers to opt for firm service.[54]

Establishing NGEP Rider surcharge rates based solely on the allocation proportions approved in MERC's most recent rate case and that differ significantly depending on whether a customer elects firm or interruptible service undermine the objective of narrowing this differential in MERC's most recent rate case.

Because establishing differential rider rates for firm, interruptible, and transportation service customers within the same class (i.e., class 1, 2, 3, 4, and 5) has the potential to create inappropriate price signals and encourage customers to move from firm to interruptible or from system-sales to transportation service, MERC proposes allocating the NGEP revenue requirement to the class 1 and 2 firm, interruptible, and transportation customers at one rate per therm and to the class 3 and 4 firm, interruptible, and transportation customers at another rate per therm, as described in more detail below.

Moreover, the transportation customers are disproportionately favored under the revenue apportionment allocation as approved in Docket No. G011/GR-17-563. The Rochester Project costs, if reviewed in a fully-allocated class cost of service analysis, would likely not be allocated along the percentages above. The rate case apportionment percentages above include some allocations of customer-related costs, for instance, while NGEP projects are likely to be more a function of throughput or demand.

Lastly, MERC's proposed rate of $0.0001 per therm for Direct Connect customers is necessary and appropriate to prevent the real threat of bypass posed by that class of customers and properly balances this threat with the Commission's determination in its Order Suspending GUIC Rider Surcharge for Direct Connect Customers, and Declining to Reopen NGEP Cost

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[54] *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G011/GR-17-563, DIRECT TESTIMONY AND SCHEDULES OF AMBER LEE at 19, 35 (Oct. 15, 2017).

Rider Docket in Docket No. G011/M-18-182 that the NGEP Statute requires application of a surcharge rate to all of MERC's customers.[55] This limited group of customers is already paying at or near their cost to bypass MERC through base distribution rates, such that any rate increase could support the economic decision to bypass MERC's system. Moreover, in MERC's emergency filing in Docket No. G011/18-182, the Company's request to suspend application of its NGEP Rider surcharge to its Direct Connect customers due to concern that these customers might elect to bypass MERC's system was supported by both the Super Large Gas Intervenors[56] and Encore Energy Services, Inc.[57] on behalf of a number of Direct Connect customers.

The bypass threat posed by the Direct Connect customer class was also acknowledged by the Commission in its Order Suspending GUIC Rider Surcharge for Direct Connect Customers, and Declining to Reopen NGEP Cost Rider Docket in Docket No. G011/M-18-182.[58] The Commission explicitly acknowledged that the risk of bypass "is especially credible when a

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[55] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ORDER SUSPENDING GUIC RIDER SURCHARGE FOR DIRECT CONNECT CUSTOMERS, AND DECLINING TO REOPEN NGEP COST RIDER DOCKET at 5 (Aug. 26, 2019).

[56] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, SLGI COMMENTS at 5 (July 11, 2019) ("[M]embers of SLGI pose a real and significant bypass risk.").

[57] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ENCORE ENERGY LETTER IN SUPPORT OF EMERGENCY REQUEST at 6 (July 1, 2019) ("In MERC's last rate case, I filed testimony on behalf of Encore discussing the risk of bypass posed by a number of MERC's largest customers, which are connected directly to Northern Natural Gas's ("NNG") pipeline. The parties to that rate case, as well as the Commission, acknowledged that these customers, specifically the taconites, are extremely price sensitive and are likely to exercise their right to bypass MERC entirely and become direct connect customers of NNG.").

[58] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ORDER SUSPENDING GUIC RIDER SURCHARGE FOR DIRECT CONNECT CUSTOMERS, AND DECLINING TO REOPEN NGEP COST RIDER DOCKET at 6 (Aug. 26, 2019) ("[T]he Commission concurs with the Department that Encore, MERC, and the SLGI make a persuasive case that the Direct Connect Customers can credibly threaten to bypass MERC's system."); *see also In the Matter of a Petition by Minn. Energy Res. Corp. for Auth. to Increase Nat. Gas Rates in Minn.*, Docket No. G011/GR-13-617, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 49 (Oct. 28, 2014) ("MERC and the Department . . . agreed to minimize rate increases for the super-large-volume and flex customer classes, since these customers are very cost-sensitive and are able to bypass MERC's system, a result which would harm MERC's other customers.").

customer has its own facilities connected to the interstate pipeline,"[59] which precisely describes MERC's Direct Connect customers. Direct Connect customers are expressly defined in MERC's Commission-approved tariffs as (1) customers who are directly connected to the interstate pipeline with no Company-owned underground distribution facilities where (2) no non-Direct Connect customers are served off of the same point of interconnection.[60] Past recognition by both the Commission and Direct Connect customer representatives supports the actual risk of bypass posed by MERC's Direct Connect customers, and supports MERC's recommended assigned rate of $0.00001 per therm.

Additionally, the Company's proposal is consistent with the requirements of the NGEP Statute. The NGEP Statute requires a petition for approval of an NGEP Rider to include a proposal for how the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers as well as the proposed method to be used to recover deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery.[61] Under MERC's proposal, discussed in more depth below, all customer classes are assessed a surcharge to recover the 2021 NGEP-eligible revenue deficiency, consistent with the NGEP Statute. The proposed surcharge for Direct Connect customers is warranted due to the risk of bypass posed by those customers and the fact that MERC's Direct Connect customers do not require any distribution infrastructure to serve them. Importantly, if the Direct Connect customers were to bypass the system, the loss of their contribution to MERC's system's fixed costs would result in substantial and permanent rate increases for all remaining customers.

MERC, therefore, incorporated the following changes to reach its proposed rate design:

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[59] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, ORDER SUSPENDING GUIC RIDER SURCHARGE FOR DIRECT CONNECT CUSTOMERS, AND DECLINING TO REOPEN NGEP COST RIDER DOCKET at 7 (Aug. 26, 2019)
[60] 3rd Revised Tariff Sheet No. 6.50.
[61] Minn. Stat. § 216B.1638, subds. (6)-(7).

- Redistributed the costs that would otherwise have been collected from the Direct Connect customers to the other classes.

- Because establishing differential rider rates for firm, interruptible, and transportation service customers within the same class (i.e., class 1, 2, 3, 4, and 5) has the potential to create unreasonable price signals and encourage customers to move from firm to interruptible or from system-sales to transportation service, the remaining NGEP costs were allocated to the Class 1 and 2 firm, interruptible, and transportation customers at one rate per therm and to the Class 3 and 4 firm, interruptible, and transportation customers at another rate per therm. This appropriately recognizes that the proposed NGEP-related work does not benefit a system-sales customer more than a transportation customer. In order to determine the amount to be allocated to the smallest non-Residential Classes 1 and 2, MERC used the 23.5 percent firm revenue apportionment factor from its last rate case. All remaining costs were allocated to the larger Classes 3, 4, and 5.

MERC requests that its proposed rate design, as reflected in Table 5 below, be adopted for the 2021 NGEP Rider surcharges rather than a flat per-therm rate or one based solely on the 2018 rate case revenue apportionment.

Table 5. Proposed 2021 NGEP Rider Surcharge Rates

Customer Class	Proposed 2021 NGEP Rider Surcharge	Average Annual Bill Impact
Residential[62]	$0.00420	$3.72
Class 1 & 2 Firm (Sales and Transport)	$0.00224	$11.07
Class 1 & 2 Interruptible (Sales and Transport), Class 1 & 2 Ag Grain Dryer, and Class 1 Electric Generation	$0.00224	$89.90
Class 3 & 4 Firm (Sales and Transport)	$0.00036	$69.07
Class 3 &4 Interruptible (Sales and Transport) and Class 3 =Ag Grain Dryer	$0.00036	$321.01
Class 5, FLEX, Transport for Resale, and Class 2 Electric Generation	$0.00036	$1,368.61
Direct Connect	$0.00001	$317.88

MERC proposes to notify customers of the implementation of the revised 2021 NGEP surcharge rates via the following bill message, which will appear on bills effective the first month the NGEP surcharge takes effect:

> Revised NGEP (Natural Gas Extension Project) Surcharge rates are in effect as of January 1, 2021. The NGEP Surcharge is a surcharge authorized under Minn. Stat. § 216B.1638 to recover a portion of costs related to the construction of new infrastructure or upgrades to existing natural gas facilities necessary to serve

[62] The Residential and firm class rates include both Farm Tap and non-Farm Tap customers.

> currently unserved or inadequately served areas. The NGEP Surcharge appears as a line item on your bill labeled "Extension Rider." Approved NGEP rates are as follows: Residential Customers $0.00420/therm; Class 1 Electric Generation and all other Class 1 and 2 commercial and industrial customers (including grain dryer classes) $0.00224/therm; FLEX, Transport-for-Resale, Class 2 Electric Generation, Class 3 grain dryer, and Classes 3, 4, and 5 commercial and industrial customers $0.00036/therm; and Direct Connect customers $0.00001/therm.

E. 2018 and 2019 True-up Reconciliation

1. Overview of True-up Reconciliation

In Docket No. G011/M-18-182, the Commission authorized MERC to recover a portion of its forecasted 2019 revenue deficiency through a rider surcharge factor of $0.00052 per therm applicable to all customer classes, subject to future true-up. As reflected in MERC's July 2, 2019, Compliance Filing in Docket No. G011/M-18-182, MERC's authorized 2019 NGEP Rider revenue deficiency for recovery through the NGEP Rider surcharge was $400,989 – 33 percent of the total project revenue deficiency of $1,215,118. MERC implemented a per-therm surcharge rate of $0.00052 effective August 1, 2019, based on forecasted Minnesota jurisdictional sales for the entire 12 months of 2019 of 764,518,780. In Docket No. G011/GR-17-563, the Commission authorized MERC to recover its actual 2017 Rochester Project costs and forecasted 2018 Rochester Project costs, subject to true-up in the Company's future NGEP Rider true up filing to account for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital estimate used in that docket.

Through this filing, in addition to submitting a proposed 2021 NGEP revenue deficiency for recovery, MERC is submitting its first true-up reconciliation for the Rochester Project NGEP Rider for calendar year 2019. MERC's true-up reconciles differences between the actual revenues the Company recovered during 2019 through the NGEP Rider surcharge rate of $0.00052 and 33 percent of the actual expense incurred during 2019, subject to adjustment based on actual offsetting revenues collected through the growth in customer sales in the

Rochester project area.[63] As discussed below and shown in Exhibit C, MERC's true-up and tracker reflect actual 2019 rate base and depreciation expense, revised estimated property tax expense based on actual plant in service and tax rates, and actual incremental O&M expense related to Rochester Project 2019 NGEP regulatory filings and proceedings. Additionally, MERC's true-up reconciliation addresses the Commission's requirement in its December 26, 2018, Order in Docket No. G011/GR-17-563 requiring MERC to account for any difference between the 2018 actual Rochester Project capital expenditures and MERC's capital estimates used in that docket.

Accounting for the 2018 and 2019 true-up reconciliation and actual NGEP Rider surcharge revenues collected through December 2019, MERC has calculated an under-recovered balance of $227,236, as shown in Table 6.

Table 6. True-Up Over/(Under) Recovery

2019 Revenue Deficiency[64]	33 Percent of 2019 Revenue Deficiency	2019 Surcharge Revenues Collected	Over/(Under) Recovery
$1,117,442	$368,756	$141,520	$(227,236)

This under-recovery balance has been incorporated into MERC's 2021 NGEP Rider revenue deficiency calculation, as shown in Exhibit B to this filing, to be recovered through the 2021 NGEP Rider surcharge rates.

2. *2019 Depreciation Expense, Property Tax Expense, O&M Expense, and Return on Incremental Rate Base*

Subdivision 3(d) of the NGEP Statute provides that the revenue deficiency from an NGEP recoverable through an NGEP Rider "must include the currently authorized rate of return,

[63] As discussed below, actual 2019 weather-normalized Rochester area margin revenues were lower than 2018 forecasted amounts accounted for in base rates. As a result, MERC has calculated a true-up adjustment equal to $0 for offsetting revenues.
[64] While labeled as 2019 revenue deficiency, this is inclusive of MERC's true-up for differences between the 2018 actual Rochester Project capital expenditures and MERC's capital forecast used to set rates in Docket No. G011/GR-17-563, as well as MERC's true-up for differences between actual 2019 rate base, depreciation expense, revised estimated property tax expense based on actual plant in service and tax rates, and actual incremental O&M expense, as well as accounting for any offsetting revenues associated with sales growth in the Rochester Project area and actual revenues collected through the authorized NGEP Rider surcharge rate in 2019

incremental income taxes, incremental property taxes, incremental depreciation expenses, and any incremental operation and maintenance costs." Consistent with the NGEP Statute, MERC's actual 2019 Rochester Project expense included in the true-up reconciliation and tracker reflect (1) 2019 actual depreciation expense on incremental Rochester Project plant in service, excluding what is being recovered through base rates as authorized in Docket No. G011/GR-17-563; (2) 2019 property tax expense on incremental Rochester Project plant in service through the end of 2019 (excluding property tax expense recovered in base rates through Docket No. G011/GR-17-563) based on updated property tax estimates for Rochester Project investments; (3) incremental O&M expense incurred associated with MERC's 2019 NGEP Rider filing and proceedings in Docket No. G011/M-18-182; and (4) return on incremental rate base associated with the Rochester Project and calculated as the difference between the authorized rate base in Docket No. G011/GR-17-563 and actual rate base through 2019 to reflect only a return on the incremental rate base not already recovered in base rates.

With respect to 2019 depreciation expense, MERC forecasted 2019 depreciation expense in Docket No. G011/M-18-182 based on forecasted incremental plant additions and then-approved depreciation rates in Docket No. G011/D-17-442. To calculate actual 2019 depreciation expense, MERC calculated actual monthly depreciation expense through 2019 based on actual incremental plant in service by plant FERC account and applied the most-recently-authorized depreciation rates in Docket No. G011/D-19-377 for plant in service in Account 376 – Mains; Account 379 – City Gate Stations; and Account 397.01 Communication Equipment. As discussed in Docket No. G011/M-19-282, MERC previously incorrectly applied the deprecation rate for Account 380, gas distribution service instead of the rate applicable to Account 376, mains for forecasted main plant additions, which has been corrected for purposes of the true-up calculation. Additionally, a portion of MERC's 2019 actual costs are related to supervisory control and data acquisition communications equipment at the new gate station and are therefore accounted for in Account 397.01, Communication Equipment. MERC had not forecasted 2019 costs at that level for purposes of the 2019 forecasted rider and those costs had been forecasted to account 379 – City Gate Stations. Exhibit C to this filing reflects application of the current depreciation rates for monthly plant balances for each of these Accounts 376, 379, and 397.

With respect to 2019 property tax expense, as discussed in MERC's February 28, 2019, Reply Comments filed in Docket No. G011/M-19-608, MERC does not receive a separate property tax bill specific to the Rochester Project.[65] To forecast property tax expense attributable to the Rochester Project for purposes of rider recovery, MERC calculates the projected system utility plant and projected net operating income related to the Rochester Project for the relevant year.

The process for arriving at an actual property tax bill begins with MERC submitting its listing of personal property and its cost by location (including additions and retirements). The Minnesota Department of Revenue then values all of MERC's property as a unit using appraisal methodologies. This value is then apportioned back to the locations of the property.[66] The counties apply the appropriate property tax rates to the property based on the apportioned market value of the property within each taxing district. Even after actual tax bills are received, MERC has no way to isolate the property tax expense attributable to a specific capital project such as the Rochester Project.

For purposes of the 2019 true-up, MERC has replaced forecasted 2019 Rochester Project rate base with actual rate base to calculate property tax expense. Additionally, MERC has updated the estimated property tax rate based on the average of the actual rates applied by

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[65] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Nat. Gas Extension Project (NGEP) Rider Revenue Deficiency and Revised Surcharge Factors*, Docket No. G011/M-19-608, MERC REPLY COMMENTS at 8 (Feb. 28, 2020).

[66] As explained on the Minnesota Department of Revenue's website, with respect to property taxes applied to utility operating property, the estimated market value of operating property is apportioned to all parcels in Minnesota with operating property, such that property taxes are not specific project. *See* Minnesota Department of Revenue, Utility and Pipeline Property Tax, available at https://www.revenue.state.mn.us/utility-and-pipeline-property-tax.

the townships where the Rochester Project facilities were installed. This true-up calculation of property tax expense reflects actual installed plant and more accurately estimated tax rates for the Rochester Project.

Consistent with the NGEP Statute, which authorizes rider recovery for any incremental O&M costs, MERC has also included a portion of its actual incremental O&M expense associated with the Rochester Project in the true-up reconciliation. In particular, MERC is including $40,632 of outside legal costs related to filings, regulatory proceedings, discovery, and approval of MERC's 2019 NGEP Rider in Docket No. G011/M-18-182. MERC has not included other incremental O&M expense associated with the Rochester Project such as agency assessments related to the NGEP Rider proceedings at this time. Inclusion of outside regulatory expense associated with the NGEP Rider proceedings in the true-up reconciliation is reasonable and consistent with the statute, as these costs are incremental, are not currently being recovered in the Company's base rates approved in Docket No. G011/GR-17-563, and are actual O&M expense incurred related to the NGEP Rider. As discussed above, MERC has also included forecasted O&M expense based on the amount of actual incremental O&M expense related to the 2019 rider filing and regulatory proceeding and will account for differences in the actual incremental 2021 O&M through the annual true-up reconciliation.

The incremental O&M costs that MERC has included in its true-up reconciliation were not included in the Company's last rate case test year expense, nor would these types of expenses be included in MERC's O&M expense in current rates. In its past rate cases, MERC has included costs related to legal expense and agency assessments for routine regulatory filings but has not included any adjustment for unique filings such as the NGEP Rider for the Rochester Project.

Finally, as shown in Exhibit C, MERC has calculated the actual NGEP 2019 revenue requirement based on the 2019 13-month average rate base for plant FERC accounts 376 – Mains, 379 – City Gate Stations, and 397.01 – Communications Equipment. The incremental rate base is calculated as the difference between the 13-month average rate base forecast that was used in Docket No. G011/GR-17-563 to set base rates and the actual 13-month average rate base. For purposes of the 2019 true-up, MERC has replaced forecasted 2019 Rochester Project rate base with actual rate base, including removals related to the TBS 1D rebuild, accounted for in accumulated depreciation.[67] Using actuals through 2019 also accounts for differences between the approved Rochester Project capital forecast for 2018 implemented in base rates in Docket No. G011/GR-17-563 and actual 2018 Rochester Project capital investments.

As shown in Exhibit C, MERC calculated the 2019 true-up based on the applicable tax rate under the 2017 Tax Cuts and Jobs Act and the 9.7 percent return on equity authorized in MERC's 2018 rate case, Docket No. G011/GR-17-563. In particular, the tax gross-up factor of 1.402 reflects the gross revenue conversion factor approved in MERC's 2018 test year rate case in Docket No.G011/GR-17-563. To determine actual incremental rate base for purposes of calculating the NGEP Rider eligible return on investment related to the Rochester Project, MERC took the 13-month average net plant value based on 2019 actuals and subtracted the 13-month average net plant value related to the Rochester Project that was included in rate base in Docket No. G011/GR-17-563.

3. 2018 True Up From Docket No. G011/GR-17-563

In its Findings of Fact, Conclusions, and Order in Docket No. G011/GR-17-563 the Commission concluded:

> Because recovery for the Rochester Project is authorized both in base rates and through the NGEP rider, there is a ready mechanism to ensure just and reasonable rates overall even if base rates turn out to be based on an overestimate of actual Project costs. The Commission will therefore require that MERC include any difference between the 2018 actual Rochester Project capital

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[67] Under FERC accounting, removal costs are charged to the accumulated depreciation account rather than capitalized as part of the replacement project. MERC has accounted for 2019 removal costs in accordance with FERC accounting requirements (i.e., by recording such removal costs to accumulated depreciation),

> expenditures and MERC's capital estimates used in this docket in its upcoming NGEP Rider as a true-up with MERC's NGEP rider true-up calculation. The true up will ensure that an overestimate of projected costs built into base rates can be corrected-for. This will protect ratepayers if the Rochester Project capital expenses do not meet projected test-year amounts.[68]

Thus, the Commission required MERC to account for differences between the 2018 actual Rochester Project capital expenditures and the capital forecasts used to set base rates in Docket No. G011/GR-17-563. MERC has calculated the impact of those differences as follows:

(1) First, with respect to depreciation expense, MERC has calculated the difference between the Rochester Project depreciation expense from Docket No. G011/GR-17-563, and actual depreciation expense based on monthly plant in service by plant FERC account and depreciation rates in effect in 2018, as authorized in Docket No. G011/D-17-442. This results in under-recovered annual depreciation expense of $4,468.

(2) Second, with respect to property tax expense, MERC calculated the difference between the amount of property tax expense allocated to the forecasted 2018 Rochester Project in 2018 in Docket No. G011/GR-17-563 and the updated 2018 property tax expense estimate based on actual 2018 plant in service and the average of the actual rates applied by the townships where the Rochester Project facilities were installed. This true-up calculation of property tax expense reflects actual 2018 installed plant and more accurately estimated tax rates for 2018. This true-up results in under-recovered expense of $56,574.

(3) Finally, with respect to the return on Rochester Project rate base, by using the Rochester Project rate base value included in Docket No. G011/GR-17-563 as the basis and adjusting for rate base through 2019 including removals, MERC has trued

[68] *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G011/GR-17-563, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 18 (Dec. 26, 2018).

up for differences in the 2018 forecasted rate base as filed and approved in Docket No. G011/GR-17-563 and actual 2018 rate base, in accordance with the Commission's December 26, 2018, Order. This true-up is captured in the overall 2019 true-up for return on incremental rate base as discussed above.

By accounting for these adjustments in the true-up reconciliation and accounting for them as an adjustment to 2021 NGEP recoveries, MERC is complying with the Commission's December 26, 2018, Findings of Fact, Conclusions, and Order in Docket No. G011/GR-17-563.

4. 2019 Offsetting Revenues

As discussed in MERC's petition in Docket No. G011/M-18-182,

> Sales growth through 2018 is already recognized in the 2018 rate case. However, MERC expects to recognize additional incremental sales growth in the Rochester area in 2019, as reflected in MERC's forecast in Docket No. G011/M-15-895. Additional 2019 margin revenues of approximately $300,000 could be realized as a result of this sales growth. Therefore, MERC subtracted the 2019 incremental revenue from the 2019 incremental costs, leaving a revenue deficiency of $1.3 million to be recovered in the 2019 NGEP Rider.

MERC has calculated actual incremental sales and margin growth in the Rochester area in 2019 to determine the 2019 true-up reconciliation associated with offsetting revenues. In particular, MERC calculated the difference between the approved 2018 Rochester area sales consistent with the sales forecast submitted in Docket No. G011/M-15-895 and actual 2019 weather normalized sales in the Rochester Project area to determine the incremental sales growth and associated offsetting revenues collected in 2019. While MERC experienced sales growth in customer counts in 2019 as well as an overall increase in sales volumes in the Rochester area, actual sales revenues for 2019 were lower than 2018 baseline revenues. In particular, overall Residential sales volumes and associated use per customer in 2019 was lower than the 2018 forecasted level, resulting in lower Residential sales margin revenues. Additionally, 2019 Firm Class 1 customer counts, sales, and use per customer were lower than the 2018 forecasted level, resulting in lower margin revenues. In total, the difference between the 2018 forecasted Rochester area revenues and actual margin revenues was a reduction in revenues of $318,548. Because MERC experienced a reduction in revenue rather than an increase in 2019, MERC has included offsetting revenues equal to $0 in the true-up reconciliation.

5. 2019 Sales and NGEP Rider Revenues

As noted above, the Commission authorized MERC to recover 33 percent of its forecasted 2019 incremental revenue deficiency related to the Rochester Project through a per-therm surcharge of $0.00052 calculated based on 12 months of forecasted Minnesota jurisdictional sales.[69] In particular, MERC's per-therm surcharge rate was calculated based on 765,518,780 therm sales in 2019. During 2019, MERC collected NGEP surcharge revenue on 272,169,230 therms, significantly lower than forecasted, due to the delay in implementation of the 2019 NGEP Rider surcharge.

MERC's 2019 NGEP Rider was implemented effective August 1, 2019, in accordance with MERC's July 2, 2019, compliance schedule filed in Docket No. G011/M-18-182.[70] As a result, MERC's authorized per-therm NGEP Rider surcharge rate was calculated to recover the forecasted revenue deficiency over 12 months (January 2019 through December 2019) while the charge was actually in place for only 5 months (August 2019 through December 2019). As reflected in Exhibit C, MERC collected $141,520 of surcharge revenue over the period of August 1, 2019, through December 31, 2019, through 272,169,230 therms of natural gas sales to applicable customers.

[69] 2019 NGEP Rider Order at 7; *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, MERC REVISED NGEP COMPLIANCE FILING at Attachment A (July 2, 2019).

[70] *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of a Nat. Gas Extension Project (NGEP) Cost Rider Surcharge for the Recovery of 2019 Rochester Project Costs*, Docket No. G011/M-18-182, MERC REVISED NGEP COMPLIANCE SCHEDULE at 2 (July 2, 2019).

As demonstrated in Exhibit C, MERC has fully accounted for differences between forecasted and actual 2019 NGEP Rider surcharge collections, project costs, and offsetting revenues through the 2019 true-up adjustment.

F. <u>Termination of Rider Recovery, Renewal, and True Up</u>

Minnesota Statutes section 216B.1638, subdivision 2(b)(8) requires that a Petition for an NGEP Rider include the proposed termination date of the rider to recover the proposed revenue deficiency.

Through this filing, MERC proposes implementation of new NGEP Rider surcharge rates by customer class effective January 1, 2021, to collect MERC's forecasted 2021 NGEP-eligible revenue deficiency, adjusted to true-up for 2018 and 2019 as discussed above. MERC proposes that those NGEP Rider surcharge rates continue in effect from approval until the Commission authorizes new NGEP Rider surcharge rates or implementation of interim rates (incorporating Rochester Project costs) in a future rate case proceeding. Continuation of the approved NGEP Rider rates after December 31, 2021, is necessary to ensure MERC's recovery of its annual revenue deficiency on the NGEP-eligible Rochester Project costs. Actual costs and recoveries will be tracked through the tracker mechanism to ensure any over-recoveries are refunded or that any under-recoveries are collected in a future true-up adjustment.

MERC would submit a reconciliation of the actual 2021 tracker showing NGEP Rider revenues and NGEP-eligible expense along with proposed 2023 rider recovery in 2022, with implementation of the true-up reconciliation upon Commission approval.

Because MERC is proposing recovery of the forecasted NGEP Rider costs through a per-therm charge, the true-up is necessary to adjust for the over- or under-recovery which results from differences between the forecast and actual gas sales. Such differences could occur for a variety of reasons that impact actual customer natural gas usage, which cannot be predicted with certainty.

For purposes of the true-up, the proration requirement does not apply to actual ADIT. Furthermore, pursuant to some recent IRS private letter rulings ("PLRs"), the true-up cannot reverse the effects of the proration. As a result, for the true-up, the Company would propose to adjust the prorated ADIT with the 13-month average of the differences between projected and actual ADIT balances. This methodology preserves the original proration requirement embedded in the projected rates, avoids applying the proration to the projected versus actual differences, and assures the Company complies with the consistency rule, Code 168(i)(9)(B) (applying a 13-month average to all components of rate base).[71] The proration and the true-up adjustment will have a minimal impact on the NGEP Rider rate as proposed and ensure compliance with IRS normalization rules.

Recovery of the Rochester Project costs incurred in 2022 and thereafter will be either through base rate increases authorized in general rate cases or via future NGEP Rider petitions. If MERC does not file a rate case for test year 2022, MERC will file an application in 2021 for approval to recover a portion of forecasted 2022 Rochester Project costs along with a true-up reconciliation for 2020. MERC proposes that the approved 2021 NGEP Rider surcharge rates continue in effect until the effective date of the 2022 NGEP Rider or the effective date of the next test year rate case, whichever occurs first.

The revenue deficiency for the future NGEP Rider petitions will be calculated using the forecasted recovery method outlined above and subject to the 33 percent of the annual revenue requirement limitation.

At the time of MERC's next rate case, the NGEP Rider would zero out with respect to the unrecovered 13-month average net rate base value of all Rochester Project plant in service

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[71] MERC provided a detailed discussion and copies of IRS PLRs related to the ADIT proration calculation and true-up with its Reply Comments submitted on September 17, 2019, in Docket No. G011/M-19-282. *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Gas Utility Infrastructure Cost Rider Revenue Requirement and Revised Surcharge Factor*, Docket No. G011/M-19-282, REPLY COMMENTS OF MINNESOTA ENERGY RESOURCES CORPORATION at 23-25, Att. D and E (Sept. 17, 2019).

as of the end of the test year. This unrecovered 13-month average net plant balance would be put into rate base for the test year. Further, the test year will continue to reflect the annual forecasted O&M expense, depreciation expense, and property taxes relative to the completed Rochester Project.

Currently, the Rochester Project is projected to be completed and fully in service during 2021, with some restoration work anticipated to occur in 2022. The Commission has previously authorized MERC to recover 33 percent of the forecasted annual revenue deficiency for the Rochester Project calculated on an annual basis. If no rate case is filed through completion of the Rochester Project, MERC would continue to file for rider recovery of 33 percent of the annual depreciation expense and return on Rochester Project investments and would account for any over- or under-recovery of the prior year's NGEP-eligible costs through such filings. Completion of the Rochester Project in 2021 or 2022 does not terminate the annual depreciation expense and return on rate base related to the Rochester Project.

At the time of this filing, MERC is continuing to evaluate the need to file a 2021 test year rate case. MERC would like to avoid a general rate case, if possible, in the interest of reducing overall ratepayer impacts and expense, and timely approval of this 2021 NGEP Rider petition will facilitate avoidance of a general rate case filing. In the event the Company has the need to file a 2021 test year general rate case, MERC will provide an update to this Petition to notify interested parties and will make a proposal to roll the planned capital investments and O&M expense as discussed in this filing into base rates.

G. <u>Benefits to Customers</u>

Minnesota Statutes section 216B.1638, subdivision 2(b)(9) requires that a Petition for an NGEP Rider include a description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project. This information was provided in

MERC's original request for approval of the Rochester Project in Docket No. G011/M-15-895.[72] Ultimately, the Commission determined in that proceeding that "the Rochester Project is necessary, reasonable, and prudent to provide service to MERC's Rochester service area and its system as a whole."[73]

III. CONCLUSION

MERC respectfully requests approval of its 2021 NGEP Rider revenue deficiency and the proposed NGEP Rider surcharge rates as set forth herein to become effective January 1, 2021. Costs and revenues subject to the NGEP Rider will be reconciled annually and submitted for review and approval.

If additional information is required, please contact Joylyn Hoffman Malueg at (414) 221-4208 or Kristin Stastny at (612) 977-8656.

DATED: April 13, 2020

Respectfully submitted,

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[72] *In the Matter of the Petition of Minn. Energy Res. Corp. for Eval. and Approval of Rider Recovery for its Rochester Nat. Gas Extension Project*, Docket No. G011/M-15-895, INITIAL FILING at Sections 3 and 4 (Oct. 26, 2015).
[73] Rochester Order at 9.

Exhibit A

Revised NGEP Rider Tariff

Clean Tariff

NATURAL GAS EXTENSION PROJECT (NGEP) RIDER (Continued)

5. NGEP RATES

A. Currently Authorized NGEP Rate

A separate NGEP Rate may be calculated for each customer class or the same rate may be applied across all or a portion of customer classes, as approved by the MPUC. The NGEP rate shall be calculated to recover the NGEP Revenue Deficiency over the period approved by the MPUC.

The NGEP Rates effective January 1, 2021 shall be:

Customer Class	NGEP Surcharge Rate Per Therm
Residential	$0.00420
Class 1 & 2 Firm (Sales and Transport)	$0.00224
Class 1 & 2 Interruptible (Sales and Transport), Class 1 & 2 Ag Grain Dryer, and Class 1 Electric Generation	$0.00224
Class 3 & 4 Firm (Sales and Transport)	$0.00036
Class 3 & 4 Interruptible (Sales and Transport) and Class 3 Ag Grain Dryer	$0.00036
Class 5, FLEX, Transport for Resale, and Class 2 Electric Generation	$0.00036
Direct Connect	$0.00001

B. Adjustment to NGEP Tracker with Changes in Base Rates

Whenever the Company implements changes in base rates as the result of a final Commission order in a general rate case, the Company shall simultaneously adjust the NGEP Tracker to remove all costs that have been included in the approved base rates.

Redlined Tariff

NATURAL GAS EXTENSION PROJECT (NGEP) RIDER (Continued)

5. NGEP RATES

A. Currently Authorized NGEP Rate

A separate NGEP Rate may be calculated for each customer class or the same rate may be applied across all or a portion of customer classes, as approved by the MPUC. The NGEP rate shall be calculated to recover the NGEP Revenue Deficiency over the period approved by the MPUC.

The NGEP Rates effective ~~August 1, 2019~~ January 1, 2021 shall be: ~~$0.00052 per therm for all customer classes.~~

Customer Class	NGEP Surcharge Rate Per Therm
Residential	$0.00420
Class 1 & 2 Firm (Sales and Transport)	$0.00224
Class 1 & 2 Interruptible (Sales and Transport), Class 1 & 2 Ag Grain Dryer, and Class 1 Electric Generation	$0.00224
Class 3 & 4 Firm (Sales and Transport)	$0.00036
Class 3 & 4 Interruptible (Sales and Transport) and Class 3 Ag Grain Dryer	$0.00036
Class 5, FLEX, Transport for Resale, and Class 2 Electric Generation	$0.00036
Direct Connect	$0.00001

B. Adjustment to NGEP Tracker with Changes in Base Rates

Whenever the Company implements changes in base rates as the result of a final Commission order in a general rate case, the Company shall simultaneously adjust the NGEP Tracker to remove all costs that have been included in the approved base rates.

Exhibit B

Proposed 2021 NGEP Rider Surcharge
Workpapers and Assumptions

NGEP Rider 2021 Forecast
Revenue Requirement on NGEP

Line	Description	Reference	2018 Rate Case	2021 Forecast	2021 NGEP
1	Depreciation Expense		$ 109,441	$ 1,031,470	$ 922,029
2	Property Tax Expense		$ 14,000	$ 768,000	$ 754,000
3	O&M Expense		$ -	$ 40,632	$ 40,632
4	Rate Base	Note (1)	$ 11,382,768	$ 33,938,730	$ 22,555,962
5	ADIT Proration Adjustment		$ -	$ 13,732	$ 13,732
6	Adjusted Rate Base	Note (1)	$ 11,382,768	$ 33,952,462	$ 22,569,694
7	Rate of Return	Note (2)			6.6971%
8	Earnings on Rate Base	Line 6 x Line 7			$ 1,511,515
9	Gross Revenue Conversion Factor	Note (3)			1.402
10	Return on Rate Base	Line 8 x Line 9			$ 2,119,144
11					
12	**Total Revenue Requirement**	**Sum(Line 1 through Line 3) + Line 10**			**$ 3,835,805**
13					
14	Offsetting Project Revenue	Note (4)			$ 811,877
15					
16	**2021 Annual Revenue Deficiency**	**Line 12 less line 14**			**$ 3,023,928**
17					
18	**33% of Annual Revenue Deficiency**				**$ 997,896**
19					
20	2019 NGEP True-up: Over/(Under) Recovery				$ (227,236)
21					
22	**Total 2021 Revenue Deficiency, including 2019 True-up**				**$ 1,225,132**
23					
24	**Total Therms**				**876,307,816**
25					
26					

Line		Rate/Therm	Annual $/Customer
27			
28	**Residential**	$ 0.00420	$ 3.72
29	**Class 1-2 Firm (Sales and Transport)**	$ 0.00224	$ 11.07
30	**Class 1-2 Interruptible (Sales and Transport), Class 1-2 Ag Grain Dryer, and Class 1 Electric Gen**	$ 0.00224	$ 89.90
31	**Class 3-4 Firm (Sales and Transport)**	$ 0.00036	$ 69.07
32	**Class 3-4 Interruptible (Sales and Transport) and Class 3 Ag Grain Dryer**	$ 0.00036	$ 321.01
33	**Class 5, FLEX, Transport for Resale, and Class 2 Electric Gen**	$ 0.00036	$ 1,368.61
34	**Direct Connect**	$ 0.00001	$ 317.88

Notes
1 13-Month Average Net Plant value
2 Commission Authorized 2018 Rate Case
3 2018 Rate Case Adjusted for Tax Reform
4 Represents incremental customers and sales growth related specifically to the Rochester project at approved rates from the 2018 rate case

Assumptions
1 Assumes no AFUDC, but a return on CWIP in Rate Base
2 Does not assume any Destination Medical Center CIAC
3 Removes contingency per Commission Order Approving NGEP Rider Surcharge with Modifications

2021 NGEP RIDER RATE DESIGN

2021 NGEP Revenue Requirement **$ 1,225,132**

	Therm Sales	Customer Count	Rate Case Apportionment 1: Revenue Apportionment	Initial Apportionment	Rate/Therm	$/Customer
Residential	193,400,435	218,327	62.5%	$ 765,708	**$ 0.00396**	**$ 3.51**
Firm Sales	121,023,345	23,508	23.5%	$ 287,906	**$ 0.00238**	**$ 12.25**
Interruptible Sales	41,836,009	527	3.5%	$ 42,880	**$ 0.00102**	**$ 81.37**
Transport	214,057,440	200		$ 52,949	**$ 0.00025**	
Class 5, FLEX, Trans for Resale	51,688,895	23	10.5%	$ 12,786	**$ 0.00025**	**$ 556.88**
Direct Connect	254,301,693	8		$ 62,904	**$ 0.00025**	
Michigan Mines	n/a	n/a		n/a	n/a	
	876,307,816	242,593		**$ 1,225,132**		

	Therm Sales		Rate Case Apportionment 2: Revenue Apportionment	Initial Apportionment	Rate/Therm	$/Customer	Option 1: Redistribute	Apportionment	Rate/Therm	$/Customer	Option 2: Redistribute	Apportionment	Rate/Therm	$/Customer
Residential	193,400,435	218,327	62.5%	$ 765,708	**$ 0.00396**	**$ 3.51**		$ 812,635	**$ 0.00420**	**$ 3.72**		$ 812,635	**$ 0.00420**	**$ 3.72**
Class 1-2 Firm (Sales and Transport)	116,035,316	23,482		$ 276,040	**$ 0.00238**	**$ 11.76**		$ 292,957	**$ 0.00252**	**$ 12.45**		$ 259,503	**$ 0.00224**	**$ 11.07**
			23.5%											
Class 3-4 Firm (Sales and Transport)	4,988,029	26		$ 11,866	**$ 0.00238**	**$ 456.60**		$ 12,593	**$ 0.00252**	**$ 483.46**		$ 1,784	**$ 0.00036**	**$ 69.07**
Class 1-2 Interruptible (Sales and Transport), Class 1-2 Ag Grain Dryer, and Class 1 Power Gen	20,589,801	513		$ 6,285	**$ 0.00031**	**$ 12.44**		$ 6,988.83	**$ 0.00034**	**$ 13.65**		$ 46,047	**$ 0.00224**	**$ 89.90**
Class 3-4 Interruptible (Sales and Transport) and Class 3-4 Ag Grain Dryer	188,148,470	211	14.0%	$ 57,433	**$ 0.00031**	**$ 276.43**		$ 63,863.54	**$ 0.00034**	**$ 303.18**		$ 67,276	**$ 0.00036**	**$ 321.01**
Class 5, FLEX, Transport for Resale, and Class 2 Power Gen	98,844,072	26		$ 30,173	**$ 0.00031**	**$ 1,178.53**		$ 33,551	**$ 0.00034**	**$ 1,292.58**		$ 35,344	**$ 0.00036**	**$ 1,368.61**
Direct Connect	254,301,693	8		$ 77,627	**$ 0.00031**	**$ 9,854.19**	$ (75,084)	$ 2,543	**$ 0.00001**	**$ 317.88**	$ (75,084)	$ 2,543	**$ 0.00001**	**$ 317.88**
Michigan Mines	n/a	n/a		n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
	876,307,816	242,593		**$ 1,225,132**			$ (75,084)	**$ 1,225,132**			$ (75,084)	**$ 1,225,132**		

Proposed:

Customer Class	Proposed 2021 NGEP Rider Surcharge	Average Annual Cost	Total $	% of 2021 NGEP revenue requirement
Residential	$ 0.00420	$ 3.72	$ 812,635	66.3%
Class 1-2 Firm (Sales and Transport)	$ 0.00224	$ 11.07	$ 259,503	21.2%
Class 1-2 Interruptible (Sales and Transport), Class 1-2 Ag Grain Dryer, and Class 1 Power Gen	$ 0.00224	$ 89.90	$ 46,047	3.8%
Class 3-4 Firm (Sales and Transport)	$ 0.00036	$ 69.07	$ 1,784	0.1%
Class 3-4 Interruptible (Sales and Transport) and Class 3-4 Ag Grain Dryer	$ 0.00036	$ 321.01	$ 67,276	5.5%
Class 5, FLEX, Transport for Resale, and Class 2 Power Gen	$ 0.00036	$ 1,368.61	$ 35,344	2.9%
Direct Connect	$ 0.00001	$ 317.88	$ 2,543	0.2%
Total			**$ 1,225,132**	100%

NGEP Rider 2021 Forecast
Revenue Requirement
Capex Excluding Contingency

	Month	Construction Expenditures	CWIP Balance	Plant In Service Balance	Accumulated Depreciation	Accumulated Deferred Tax	Rate Base	ADIT Proration Adjust (N/A for Actuals)	Adjusted Rate Base	Depreciation Expense	Property Tax	O&M
2017	Dec-17	885,551	3,289,954	2,378,421	(3,204)	(39,304)	5,625,867	-	5,625,867	3,204	-	
2018	Jan-18	(133,270)	3,293,362	2,241,742	(12,325)	(41,010)	5,481,770	-	5,481,770	9,120	5,881	-
2018	Feb-18	159,187	3,372,894	2,321,397	(20,915)	(43,031)	5,630,346	-	5,630,346	8,590	5,881	-
2018	Mar-18	176,936	3,464,661	2,406,566	(29,814)	(45,144)	5,796,269	-	5,796,269	8,899	5,881	-
2018	Apr-18	8,698	3,463,289	2,416,636	(39,043)	(47,028)	5,793,854	-	5,793,854	9,229	5,881	-
2018	May-18	303,234	3,694,754	2,488,404	(11,308)	(59,821)	6,112,029	-	6,112,029	9,268	5,881	-
2018	Jun-18	129,367	3,816,204	2,496,321	(20,849)	(61,703)	6,229,974	-	6,229,974	9,541	5,881	-
2018	Jul-18	1,389,699	5,145,207	2,557,017	(30,421)	(63,970)	7,607,834	-	7,607,834	9,572	5,881	-
2018	Aug-18	4,249,032	9,426,012	2,525,245	(39,020)	(65,882)	11,846,355	-	11,846,355	9,807	5,881	-
2018	Sep-18	858,934	10,222,942	2,587,249	(48,703)	(68,282)	12,693,206	-	12,693,206	9,684	5,881	-
2018	Oct-18	1,960,090	12,128,351	2,641,929	(8,028)	(85,105)	14,677,147	-	14,677,147	9,924	5,881	-
2018	Nov-18	37,608	12,161,171	2,646,717	(18,156)	(86,974)	14,702,758	-	14,702,758	10,128	5,881	-
2018	Dec-18	364,201	4,506,133	10,665,956	(24,278)	(176,145)	14,971,666	-	14,971,666	10,147	5,883	-
2019	Jan-19	170,003	4,671,034	10,671,057	(42,181)	(189,364)	15,110,547	-	15,110,547	21,930	16,272	3,386
2019	Feb-19	205,565	4,857,918	10,689,739	(64,119)	(201,462)	15,282,075	-	15,282,075	21,939	16,272	3,386
2019	Mar-19	259,399	5,112,551	10,694,505	(82,067)	(214,699)	15,510,290	-	15,510,290	21,975	16,272	3,386
2019	Apr-19	560,680	5,627,456	10,740,280	(100,559)	(227,936)	16,039,241	-	16,039,241	21,984	16,272	3,386
2019	May-19	164,100	5,788,015	10,743,821	(122,616)	(240,045)	16,169,175	-	16,169,175	22,057	16,272	3,386
2019	Jun-19	2,012,207	7,792,321	10,751,723	(125,884)	(257,569)	18,160,590	-	18,160,590	22,070	16,272	3,386
2019	Jul-19	1,495,673	9,285,723	10,753,994	(147,966)	(269,678)	19,622,072	-	19,622,072	22,082	16,272	3,386
2019	Aug-19	1,571,867	10,854,436	10,757,147	(170,051)	(281,797)	21,159,735	-	21,159,735	22,085	16,272	3,386
2019	Sep-19	390,502	11,509,085	10,493,001	(192,144)	(291,774)	21,518,168	-	21,518,168	22,092	16,272	3,386
2019	Oct-19	299,900	11,380,677	10,921,308	(213,857)	(307,581)	21,780,547	-	21,780,547	21,713	16,272	3,386
2019	Nov-19	231,208	3,937,674	18,595,520	(236,213)	(395,368)	21,901,613	-	21,901,613	22,356	16,272	3,386
2019	Dec-19	507,363	3,939,004	19,101,552	(276,295)	(414,770)	22,349,491	-	22,349,491	40,082	16,272	3,386
2020	Jan-20	(32,063)	3,906,942	19,101,552	(340,556)	(427,783)	22,240,154	(8,017)	22,232,137	64,261	41,750	-
2020	Feb-20	34,900	3,941,842	19,101,552	(404,818)	(440,796)	22,197,780	(14,543)	22,183,237	64,261	41,750	-
2020	Mar-20	46,100	3,987,942	19,101,552	(469,079)	(453,809)	22,166,605	(19,526)	22,147,079	64,261	41,750	-
2020	Apr-20	914,300	4,902,242	19,101,552	(533,341)	(466,822)	23,003,631	(22,992)	22,980,639	64,261	41,750	-
2020	May-20	382,300	5,284,542	19,101,552	(597,602)	(479,835)	23,308,657	(24,915)	23,283,742	64,261	41,750	-
2020	Jun-20	1,000,200	6,284,742	19,101,552	(661,863)	(492,848)	24,231,582	(25,321)	24,206,261	64,261	41,750	-
2020	Jul-20	1,162,200	7,446,942	19,101,552	(726,125)	(505,861)	25,316,508	(24,184)	25,292,324	64,261	41,750	-
2020	Aug-20	1,389,700	8,836,642	19,101,552	(790,386)	(518,874)	26,628,934	(21,503)	26,607,430	64,261	41,750	-
2020	Sep-20	1,372,600	10,209,242	19,101,552	(854,647)	(531,887)	27,924,259	(17,306)	27,906,953	64,261	41,750	-
2020	Oct-20	1,615,200	11,824,442	19,101,552	(918,909)	(544,900)	29,462,185	(11,565)	29,450,620	64,261	41,750	-
2020	Nov-20	110,483	-	31,036,477	(983,170)	(675,513)	29,377,794	(4,998)	29,372,796	64,261	41,750	-
2020	Dec-20	107,358	-	31,143,835	(1,066,649)	(694,861)	29,382,325	10,787	29,393,112	83,479	41,750	-
2021	Jan-21	34,950	34,950	31,143,835	(1,150,354)	(720,638)	29,307,793	(15,875)	29,291,918	83,705	64,000	3,386
2021	Feb-21	35,950	70,900	31,143,835	(1,234,059)	(746,423)	29,234,254	(28,858)	29,205,396	83,705	64,000	3,386
2021	Mar-21	40,450	111,350	31,143,835	(1,317,764)	(772,207)	29,165,215	(38,784)	29,126,430	83,705	64,000	3,386
2021	Apr-21	1,688,275	1,799,625	31,143,835	(1,401,468)	(797,992)	30,744,000	(45,704)	30,698,296	83,705	64,000	3,386
2021	May-21	1,232,275	3,031,900	31,143,835	(1,485,173)	(823,777)	31,866,785	(49,566)	31,817,219	83,705	64,000	3,386
2021	Jun-21	1,758,275	4,790,175	31,143,835	(1,568,878)	(849,560)	33,515,572	(50,424)	33,465,149	83,705	64,000	3,386
2021	Jul-21	1,846,100	6,636,275	31,143,835	(1,652,583)	(875,344)	35,252,183	(48,223)	35,203,960	83,705	64,000	3,386
2021	Aug-21	1,811,100	8,447,375	31,143,835	(1,736,288)	(901,128)	36,953,794	(42,965)	36,910,830	83,705	64,000	3,386
2021	Sep-21	1,793,100	10,240,475	31,143,835	(1,819,993)	(926,913)	38,637,405	(34,701)	38,602,704	83,705	64,000	3,386
2021	Oct-21	533,775	10,774,250	31,143,835	(1,903,698)	(952,698)	39,061,690	(23,379)	39,038,310	83,705	64,000	3,386
2021	Nov-21	254,108	-	42,172,194	(1,987,402)	(1,087,149)	39,097,642	(9,908)	39,087,734	83,705	64,000	3,386
2021	Dec-21	26,108	-	42,198,302	(2,098,119)	(1,115,349)	38,984,834	13,732	38,998,566	110,716	64,000	3,386

NGEP Rider 2021 Forecast
Estimate of Plant Deferred Taxes
Mains

	2017 & prior	2018 & Fwd
Federal Tax Rate	0.35	0.21
MN Tax Rate	0.098	0.098
MN Apportionment Factor	0.989671	0.989671
MI Tax Rate	0.06	0.06
MI Apportionment Factor	0.000542	0.000542

Bk Depr Rate 0.0000% 2018 - Prior
Bk Depr Rate 1.8000%

Year		Book Basis	Tax Basis Activity	Book Reserve PV	Book Reserve	Vint 2017	Vint 2018	Vint 2019	Vint 2020	Vint 2021	Vint 2022	Vint 2023	Tax Reserve	Accum Sch M	ADIT Fed	ADIT State	Total ADIT	ADIT Expense	M1 CV	ADIT CV	ADIT PV
2016	12/1/2016	-	-		-								-	-	0	-	-	-			-
2017	12/1/2017	-	-	-	-	-							-	-	-	-	-	-			-
2018	1/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	2/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	3/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	4/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	5/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	6/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	7/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	8/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	9/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	10/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	11/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	12/1/2018	8,014,581.18	8,014,581.18	-	-	-	(300,546.79)						(300,546.79)	(300,546.79)	(63,115.00)	(23,036.00)	(86,151.00)	86,151.00	(300,546.79)	(86,151.00)	-
2019	1/1/2019	8,019,349.60	4,768.42	(12,021.87)	(12,021.87)	-	(348,761.18)	(14.90)					(348,776.08)	(336,754.21)	(70,719.00)	(25,811.00)	(96,530.00)	10,379.00	(14.90)	(4.00)	(96,526.00)
2019	2/1/2019	8,034,486.13	15,136.53	(24,043.74)	(24,050.90)	-	(396,975.56)	(124.41)					(397,099.97)	(373,049.07)	(78,341.00)	(28,593.00)	(106,934.00)	10,404.00	(117.25)	(34.00)	(106,900.00)
2019	3/1/2019	8,038,312.17	3,826.04	(36,065.62)	(36,102.63)	-	(445,189.95)	(222.48)					(445,412.43)	(409,309.80)	(85,956.00)	(31,372.00)	(117,328.00)	10,394.00	(185.47)	(53.00)	(117,275.00)
2019	4/1/2019	8,082,372.66	44,060.49	(48,087.49)	(48,160.09)	-	(493,404.33)	(847.39)					(494,251.73)	(446,091.63)	(93,680.00)	(34,191.00)	(127,871.00)	10,543.00	(774.79)	(222.00)	(127,649.00)
2019	5/1/2019	8,082,455.93	83.27	(60,109.36)	(60,283.65)	-	(541,618.72)	(1,060.54)					(542,679.26)	(482,395.61)	(101,304.00)	(36,973.00)	(138,277.00)	10,406.00	(886.25)	(254.00)	(138,023.00)
2019	6/1/2019	8,090,356.97	7,901.04	(72,131.23)	(72,407.34)	-	(589,833.10)	(1,420.80)					(591,253.90)	(518,846.56)	(108,959.00)	(39,767.00)	(148,726.00)	10,449.00	(1,144.69)	(328.00)	(148,398.00)
2019	7/1/2019	8,092,628.50	2,271.53	(84,153.10)	(84,542.87)	-	(638,047.49)	(1,707.29)					(639,754.77)	(555,211.90)	(116,596.00)	(42,554.00)	(159,150.00)	10,424.00	(1,317.52)	(378.00)	(158,772.00)
2019	8/1/2019	8,094,789.51	2,161.01	(96,174.97)	(96,681.81)	-	(686,261.87)	(2,005.21)					(688,267.08)	(591,585.26)	(124,234.00)	(45,342.00)	(169,576.00)	10,426.00	(1,498.37)	(430.00)	(169,146.00)
2019	9/1/2019	7,823,006.31	(271,783.20)	(108,196.85)	(108,824.00)	-	(734,476.26)	5,388.04					(729,088.21)	(620,264.21)	(130,257.00)	(47,540.00)	(177,797.00)	8,221.00	6,015.20	1,724.00	(179,521.00)
2019	10/1/2019	8,251,265.85	428,259.54	(120,218.72)	(120,558.51)	-	(782,690.64)	(7,396.40)					(790,087.04)	(669,528.53)	(140,603.00)	(51,315.00)	(191,918.00)	14,121.00	(7,056.61)	(2,023.00)	(189,895.00)
2019	11/1/2019	12,989,357.36	4,738,091.51	(132,240.59)	(132,935.41)	-	(830,905.03)	(171,007.93)					(1,001,912.96)	(868,977.55)	(182,487.00)	(66,602.00)	(249,089.00)	57,171.00	(170,313.11)	(48,820.00)	(200,269.00)
2019	12/1/2019	13,003,167.89	13,810.53	(144,262.46)	(152,419.44)	-	(879,119.41)	(187,072.00)					(1,066,191.41)	(913,771.97)	(191,894.00)	(70,035.00)	(261,929.00)	12,840.00	(178,915.02)	(51,285.00)	(210,644.00)
2020	1/1/2020	13,003,167.89	-	(171,924.20)	(194,302.50)	-	(923,713.88)	(217,082.51)	-				(1,140,796.38)	(946,493.88)	(198,766.00)	(72,543.00)	(271,309.00)	9,380.00	22,378.31	6,415.00	(277,724.00)
2020	2/1/2020	13,003,167.89	-	(191,428.95)	(236,185.56)	-	(968,308.34)	(247,093.01)	-				(1,215,401.35)	(979,215.79)	(205,638.00)	(75,051.00)	(280,689.00)	9,380.00	44,756.61	12,829.00	(293,518.00)
2020	3/1/2020	13,003,167.89	-	(210,933.70)	(278,068.62)	-	(1,012,902.81)	(277,103.52)	-				(1,290,006.33)	(1,011,937.71)	(212,510.00)	(77,559.00)	(290,069.00)	9,380.00	67,134.92	19,244.00	(309,313.00)
2020	4/1/2020	13,003,167.89	-	(230,438.45)	(319,951.68)	-	(1,057,497.27)	(307,114.03)	-				(1,364,611.30)	(1,044,659.62)	(219,382.00)	(80,067.00)	(299,449.00)	9,380.00	89,513.23	25,659.00	(325,108.00)
2020	5/1/2020	13,003,167.89	-	(249,943.20)	(361,834.74)	-	(1,102,091.74)	(337,124.53)	-				(1,439,216.27)	(1,077,381.53)	(226,254.00)	(82,575.00)	(308,829.00)	9,380.00	111,891.54	32,073.00	(340,902.00)
2020	6/1/2020	13,003,167.89	-	(269,447.95)	(403,717.80)	-	(1,146,686.20)	(367,135.04)	-				(1,513,821.24)	(1,110,103.44)	(233,126.00)	(85,083.00)	(318,209.00)	9,380.00	134,269.84	38,488.00	(356,697.00)
2020	7/1/2020	13,003,167.89	-	(288,952.71)	(445,600.86)	-	(1,191,280.67)	(397,145.55)	-				(1,588,426.21)	(1,142,825.36)	(239,998.00)	(87,591.00)	(327,589.00)	9,380.00	156,648.15	44,903.00	(372,492.00)
2020	8/1/2020	13,003,167.89	-	(308,457.46)	(487,483.92)	-	(1,235,875.13)	(427,156.05)	-				(1,663,031.18)	(1,175,547.27)	(246,870.00)	(90,099.00)	(336,969.00)	9,380.00	179,026.46	51,317.00	(388,286.00)
2020	9/1/2020	13,003,167.89	-	(327,962.21)	(529,366.98)	-	(1,280,469.60)	(457,166.56)	-				(1,737,636.16)	(1,208,269.18)	(253,742.00)	(92,607.00)	(346,349.00)	9,380.00	201,404.77	57,732.00	(404,081.00)
2020	10/1/2020	13,003,167.89	-	(347,466.96)	(571,250.03)	-	(1,325,064.06)	(487,177.06)	-				(1,812,241.13)	(1,240,991.09)	(260,614.00)	(95,115.00)	(355,729.00)	9,380.00	223,783.07	64,147.00	(419,876.00)
2020	11/1/2020	24,708,719.39	11,705,551.50	(366,971.71)	(613,133.09)	-	(1,369,658.53)	(517,187.57)	(402,378.33)				(2,289,224.43)	(1,676,091.34)	(351,985.00)	(128,464.00)	(480,449.00)	124,720.00	(156,216.95)	(44,779.00)	(435,670.00)
2020	12/1/2020	24,804,741.57	96,022.19	(386,476.47)	(673,404.05)	-	(1,414,253.00)	(547,198.08)	(442,559.01)				(2,404,010.08)	(1,730,606.04)	(363,433.00)	(132,642.00)	(496,075.00)	15,626.00	(155,631.43)	(44,611.00)	(451,464.00)
2021	1/1/2021	24,804,741.57	-	(710,611.16)	(733,860.03)	-	(1,455,508.05)	(574,955.40)	(513,555.31)	-			(2,544,018.77)	(1,810,158.74)	(380,136.00)	(138,739.00)	(518,875.00)	247,566.00	23,248.87	6,664.00	(525,539.00)
2021	2/1/2021	24,804,741.57	-	(747,818.27)	(794,316.02)	-	(1,496,763.11)	(602,712.73)	(584,551.61)	-			(2,684,027.45)	(1,889,711.44)	(396,842.00)	(144,837.00)	(541,679.00)	260,990.00	46,497.75	13,328.00	(555,007.00)
2021	3/1/2021	24,804,741.57	-	(785,025.38)	(854,772.00)	-	(1,538,018.16)	(630,470.06)	(655,547.91)	-			(2,824,036.14)	(1,969,264.14)	(413,549.00)	(150,934.00)	(564,483.00)	274,414.00	69,746.62	19,993.00	(584,476.00)
2021	4/1/2021	24,804,741.57	-	(822,232.50)	(915,227.99)	-	(1,579,273.22)	(658,227.39)	(726,544.21)	-			(2,964,044.82)	(2,048,816.83)	(430,255.00)	(157,032.00)	(587,287.00)	287,838.00	92,995.49	26,657.00	(613,944.00)
2021	5/1/2021	24,804,741.57	-	(859,439.61)	(975,683.98)	-	(1,620,528.28)	(685,984.72)	(797,540.51)	-			(3,104,053.51)	(2,128,369.53)	(446,961.00)	(163,130.00)	(610,091.00)	301,262.00	116,244.37	33,321.00	(643,412.00)
2021	6/1/2021	24,804,741.57	-	(896,646.72)	(1,036,139.96)	-	(1,661,783.33)	(713,742.04)	(868,536.82)	-			(3,244,062.19)	(2,207,922.23)	(463,668.00)	(169,226.00)	(632,894.00)	314,685.00	139,493.24	39,985.00	(672,879.00)
2021	7/1/2021	24,804,741.57	-	(933,853.83)	(1,096,595.95)	-	(1,703,038.39)	(741,499.37)	(939,533.12)	-			(3,384,070.88)	(2,287,474.93)	(480,374.00)	(175,324.00)	(655,698.00)	328,109.00	162,742.11	46,649.00	(702,347.00)
2021	8/1/2021	24,804,741.57	-	(971,060.95)	(1,157,051.93)	-	(1,744,293.45)	(769,256.70)	(1,010,529.42)	-			(3,524,079.56)	(2,367,027.63)	(497,081.00)	(181,421.00)	(678,502.00)	341,533.00	185,990.99	53,314.00	(731,816.00)
2021	9/1/2021	24,804,741.57	-	(1,008,268.06)	(1,217,507.92)	-	(1,785,548.50)	(797,014.03)	(1,081,525.72)	-			(3,664,088.25)	(2,446,580.33)	(513,787.00)	(187,519.00)	(701,306.00)	354,957.00	209,239.86	59,978.00	(761,284.00)
2021	10/1/2021	24,804,741.57	-	(1,045,475.17)	(1,277,963.90)	-	(1,826,803.56)	(824,771.36)	(1,152,522.02)	-			(3,804,096.93)	(2,526,133.03)	(530,494.00)	(193,616.00)	(724,110.00)	368,381.00	232,488.73	66,642.00	(790,752.00)
2021	11/1/2021	34,007,097.96	9,202,356.39	(1,082,682.28)	(1,338,419.89)	-	(1,868,058.62)	(852,528.68)	(1,223,518.32)	(316,331.00)			(4,260,436.62)	(2,922,016.73)	(613,629.00)	(223,960.00)	(837,589.00)	357,140.00	(60,593.39)	(17,369.00)	(820,220.00)
2021	12/1/2021	34,028,695.15	21,597.19	(1,119,889.40)	(1,419,283.45)	-	(1,909,313.67)	(880,286.01)	(1,294,514.62)	(345,898.26)			(4,430,012.56)	(3,010,729.11)	(632,259.00)	(230,758.00)	(863,017.00)	366,942.00	(46,504.20)	(13,330.00)	(849,687.00)

Proration is NOT APPLICABLE for actuals

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Federal ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2017	-	-	-		365	365	-	-		-	-	-	-	-	-	-	-
1/1/2018	1/1/2018	1/31/2018	(5,260)	(1,919)	(7,179)	(5,260)	335	365	(4,828)	(4,828)	(4,423.06)	-	-	-	-	-	4,828	-	-
2/1/2018	2/1/2018	2/28/2018	(10,520)	(3,838)	(14,358)	(5,260)	307	365	(4,424)	(9,252)	(3,614.93)	-	-	-	-	-	9,252	-	-
3/1/2018	3/1/2018	3/31/2018	(15,780)	(5,757)	(21,537)	(5,260)	276	365	(3,977)	(13,229)	(2,763.58)	-	-	-	-	-	13,229	-	-
4/1/2018	4/1/2018	4/30/2018	(21,040)	(7,676)	(28,716)	(5,260)	246	365	(3,545)	(16,774)	(1,926.63)	-	-	-	-	-	16,774	-	-
5/1/2018	5/1/2018	5/31/2018	(26,300)	(9,595)	(35,895)	(5,260)	215	365	(3,098)	(19,873)	(1,075.28)	-	-	-	-	-	19,873	-	-
6/1/2018	6/1/2018	6/30/2018	(31,560)	(11,514)	(43,074)	(5,260)	185	365	(2,666)	(22,539)	(238.34)	-	-	-	-	-	22,539	-	-
7/1/2018	7/1/2018	7/31/2018	(36,820)	(13,433)	(50,253)	(5,260)	154	365	(2,219)	(24,758)	613.02	-	-	-	-	-	24,758	-	-
8/1/2018	8/1/2018	8/31/2018	(42,080)	(15,352)	(57,432)	(5,260)	123	365	(1,773)	(26,531)	1,464.38	-	-	-	-	-	26,531	-	-
9/1/2018	9/1/2018	9/30/2018	(47,340)	(17,271)	(64,611)	(5,260)	93	365	(1,340)	(27,871)	2,301.32	-	-	-	-	-	27,871	-	-
10/1/2018	10/1/2018	10/31/2018	(52,600)	(19,190)	(71,790)	(5,260)	62	365	(893)	(28,764)	3,152.67	-	-	-	-	-	28,764	-	-
11/1/2018	11/1/2018	11/30/2018	(57,860)	(21,109)	(78,969)	(5,260)	32	365	(461)	(29,225)	3,989.62	-	-	-	-	-	29,225	-	-
12/1/2018	12/1/2018	12/31/2018	(63,115)	(23,036)	(86,151)	(5,255)	1	365	(14)	(29,240)	4,840.60	8,014,581	-	(300,547)	(300,547)	(63,115)	(33,875)	(300,547)	-
	13 Mo-Ave		(31,559.62)	(11,515)	(43,074)			Total Prorated Balance	(29,240)	(29,240)	2,320				13 mo-Ave	(4,855)	14,598		
	Proration Adj				2,320											21.000%			
							Proration Adjustment		2,320										
	Prorated Balance				(40,754)														
	True-up Adj				14,598														
	Inclusion in Rate Base				(26,157)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Federal ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2018	(63,115)	(23,036)	(86,151)		365	365	(63,115)	(63,115)		8,014,581	-	(300,547)	(300,547)	(63,115)	-	-	(300,547)
1/1/2019	1/1/2019	1/31/2019	(73,847)	(26,952)	(100,799)	(10,732)	335	365	(9,850)	(72,965)	(9,024.38)	8,019,350	(12,022)	(348,940)	(336,918)	(110,597)	(37,632)	(179)	(348,761)
2/1/2019	2/1/2019	2/28/2019	(84,579)	(30,868)	(115,447)	(10,732)	307	365	(9,027)	(81,992)	(7,375.56)	8,034,486	(24,051)	(397,722)	(373,671)	(115,777)	(33,785)	(746)	(396,976)
3/1/2019	3/1/2019	3/31/2019	(95,311)	(34,784)	(130,095)	(10,732)	276	365	(8,115)	(90,107)	(5,638.54)	8,038,312	(36,103)	(446,080)	(409,977)	(120,894)	(30,787)	(890)	(445,190)
4/1/2019	4/1/2019	4/30/2019	(106,043)	(38,700)	(144,743)	(10,732)	246	365	(7,233)	(97,340)	(3,930.92)	8,082,373	(48,160)	(495,947)	(447,786)	(126,222)	(28,882)	(2,542)	(493,404)
5/1/2019	5/1/2019	5/31/2019	(116,775)	(42,616)	(159,391)	(10,732)	215	365	(6,322)	(103,661)	(2,193.90)	8,082,456	(60,284)	(544,164)	(483,880)	(131,309)	(27,647)	(2,545)	(541,619)
6/1/2019	6/1/2019	6/30/2019	(127,507)	(46,532)	(174,039)	(10,732)	185	365	(5,440)	(109,101)	(486.28)	8,090,357	(72,407)	(592,675)	(520,267)	(136,437)	(27,336)	(2,842)	(589,833)
7/1/2019	7/1/2019	7/31/2019	(138,239)	(50,448)	(188,687)	(10,732)	154	365	(4,528)	(113,629)	1,250.75	8,092,629	(84,543)	(640,974)	(556,431)	(141,534)	(27,905)	(2,927)	(638,047)
8/1/2019	8/1/2019	8/31/2019	(148,971)	(54,364)	(203,335)	(10,732)	123	365	(3,617)	(117,245)	2,987.77	8,094,790	(96,682)	(689,270)	(592,588)	(146,629)	(29,384)	(3,008)	(686,262)
9/1/2019	9/1/2019	9/30/2019	(159,703)	(58,280)	(217,983)	(10,732)	93	365	(2,734)	(119,980)	4,695.39	7,823,006	(108,824)	(727,292)	(618,468)	(150,276)	(30,297)	7,184	(734,476)
10/1/2019	10/1/2019	10/31/2019	(170,435)	(62,196)	(232,631)	(10,732)	62	365	(1,823)	(121,803)	6,432.41	8,251,266	(120,559)	(791,566)	(671,008)	(157,681)	(35,878)	(8,876)	(782,691)
11/1/2019	11/1/2019	11/30/2019	(181,167)	(66,112)	(247,279)	(10,732)	32	365	(941)	(122,744)	8,140.04	12,989,357	(132,935)	(1,017,459)	(884,524)	(187,772)	(65,028)	(186,554)	(830,905)
12/1/2019	12/1/2019	12/31/2019	(191,894)	(70,035)	(261,929)	(10,727)	1	365	(29)	(122,773)	9,876.69	13,003,168	(152,419)	(1,066,191)	(913,772)	(191,894)	(69,121)	(187,072)	(879,119)
	13 Mo-Ave		(127,506.62)	(46,533)	(174,039)			Total Prorated Balance	(122,773)	(122,773)	4,733				13 mo-Ave	(136,934)	(34,129)		
	Proration Adj				4,733											21.000%			
							Proration Adjustment		4,733										
	Prorated Balance				(169,306)														
	True-up Adj				(34,129)														
	Inclusion in Rate Base				(203,435)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Fed ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2019	(191,894)	(70,035)	(261,929)		365	365	(191,894)	(191,894)		13,003,168	(152,419)	(1,066,191)	(913,772)	(191,894)	-	-	(1,066,191)
1/1/2020	1/1/2020	1/31/2020	(198,766)	(72,543)	(271,309)	(6,872)	335	365	(6,307)	(198,201)	(5,778.56)	13,003,168	(194,303)	(1,140,796)	(946,494)	(198,766)	(565)	-	(1,140,796)
2/1/2020	2/1/2020	2/29/2020	(205,638)	(75,051)	(280,689)	(6,872)	306	365	(5,761)	(203,962)	(4,703.95)	13,003,168	(236,186)	(1,215,401)	(979,216)	(205,638)	(1,676)	-	(1,215,401)
3/1/2020	3/1/2020	3/31/2020	(212,510)	(77,559)	(290,069)	(6,872)	275	365	(5,178)	(209,140)	(3,591.69)	13,003,168	(278,069)	(1,290,006)	(1,011,938)	(212,510)	(3,370)	-	(1,290,006)
4/1/2020	4/1/2020	4/30/2020	(219,382)	(80,067)	(299,449)	(6,872)	245	365	(4,613)	(213,753)	(2,498.25)	13,003,168	(319,952)	(1,364,611)	(1,044,660)	(219,382)	(5,629)	-	(1,364,611)
5/1/2020	5/1/2020	5/31/2020	(226,254)	(82,575)	(308,829)	(6,872)	214	365	(4,029)	(217,782)	(1,385.99)	13,003,168	(361,835)	(1,439,216)	(1,077,382)	(226,254)	(8,472)	-	(1,439,216)
6/1/2020	6/1/2020	6/30/2020	(233,126)	(85,083)	(318,209)	(6,872)	184	365	(3,464)	(221,246)	(292.55)	13,003,168	(403,718)	(1,513,821)	(1,110,103)	(233,126)	(11,880)	-	(1,513,821)
7/1/2020	7/1/2020	7/31/2020	(239,998)	(87,591)	(327,589)	(6,872)	153	365	(2,881)	(224,127)	819.72	13,003,168	(445,601)	(1,588,426)	(1,142,825)	(239,998)	(15,871)	-	(1,588,426)
8/1/2020	8/1/2020	8/31/2020	(246,870)	(90,099)	(336,969)	(6,872)	122	365	(2,297)	(226,423)	1,931.98	13,003,168	(487,484)	(1,663,031)	(1,175,547)	(246,870)	(20,447)	-	(1,663,031)
9/1/2020	9/1/2020	9/30/2020	(253,742)	(92,607)	(346,349)	(6,872)	92	365	(1,732)	(228,156)	3,025.42	13,003,168	(529,367)	(1,737,636)	(1,208,269)	(253,742)	(25,586)	-	(1,737,636)
10/1/2020	10/1/2020	10/31/2020	(260,614)	(95,115)	(355,729)	(6,872)	61	365	(1,148)	(229,304)	4,137.68	13,003,168	(571,250)	(1,812,241)	(1,240,991)	(260,614)	(31,310)	-	(1,812,241)
11/1/2020	11/1/2020	11/30/2020	(351,985)	(128,464)	(480,449)	(91,371)	31	365	(7,760)	(237,064)	4,554.42	24,708,719	(613,133)	(2,289,224)	(1,676,091)	(351,985)	(114,921)	(402,378)	(1,886,846)
12/1/2020	12/1/2020	12/31/2020	(363,433)	(132,642)	(496,075)	(11,448)	0	365	-	(237,064)	13,195.31	24,804,742	(673,404)	(2,404,010)	(1,730,606)	(363,433)	(126,369)	(442,559)	(1,961,451)
	13 Mo-Ave		(246,477.85)	(89,956)	(336,434)			Total Prorated Balance	(237,064)	(237,064)	9,414				13 mo-Ave	(246,478)	(28,161)		
	Proration Adj				9,414											21.000%			
							Proration Adjustment		9,414										
Prorated Balance					(327,021)														
True-up Adj					(28,161)														
Inclusion in Rate Base					(355,182)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Fed ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2020	(363,433)	(132,642)	(496,075)		365	365	(363,433)	(363,433)		24,804,742	(673,404)	(2,404,010)	(1,730,606)	(363,433)	-	-	(2,404,010)
1/1/2021	1/1/2021	1/31/2021	(380,136)	(138,739)	(518,875)	(16,703)	335	365	(15,330)	(378,763)	(14,045.30)	24,804,742	(733,860)	(2,544,019)	(1,810,159)	(380,136)	(1,373)	-	(2,544,019)
2/1/2021	2/1/2021	2/28/2021	(396,842)	(144,837)	(541,679)	(16,706)	307	365	(14,051)	(392,814)	(11,481.42)	24,804,742	(794,316)	(2,684,027)	(1,889,711)	(396,842)	(4,028)	-	(2,684,027)
3/1/2021	3/1/2021	3/31/2021	(413,549)	(150,934)	(564,483)	(16,707)	276	365	(12,633)	(405,448)	(8,778.16)	24,804,742	(854,772)	(2,824,036)	(1,969,264)	(413,549)	(8,101)	-	(2,824,036)
4/1/2021	4/1/2021	4/30/2021	(430,255)	(157,032)	(587,287)	(16,706)	246	365	(11,259)	(416,707)	(6,119.23)	24,804,742	(915,228)	(2,964,045)	(2,048,817)	(430,255)	(13,548)	-	(2,964,045)
5/1/2021	5/1/2021	5/31/2021	(446,961)	(163,130)	(610,091)	(16,706)	215	365	(9,841)	(426,548)	(3,415.29)	24,804,742	(975,684)	(3,104,054)	(2,128,370)	(446,961)	(20,413)	-	(3,104,054)
6/1/2021	6/1/2021	6/30/2021	(463,668)	(169,226)	(632,894)	(16,707)	185	365	(8,468)	(435,016)	(757.55)	24,804,742	(1,036,140)	(3,244,062)	(2,207,922)	(463,668)	(28,652)	-	(3,244,062)
7/1/2021	7/1/2021	7/31/2021	(480,374)	(175,324)	(655,698)	(16,706)	154	365	(7,049)	(442,064)	1,946.90	24,804,742	(1,096,596)	(3,384,071)	(2,287,475)	(480,374)	(38,310)	-	(3,384,071)
8/1/2021	8/1/2021	8/31/2021	(497,081)	(181,421)	(678,502)	(16,707)	123	365	(5,630)	(447,694)	4,650.59	24,804,742	(1,157,052)	(3,524,080)	(2,367,028)	(497,081)	(49,387)	-	(3,524,080)
9/1/2021	9/1/2021	9/30/2021	(513,787)	(187,519)	(701,306)	(16,706)	93	365	(4,257)	(451,951)	7,309.10	24,804,742	(1,217,508)	(3,664,088)	(2,446,580)	(513,787)	(61,836)	-	(3,664,088)
10/1/2021	10/1/2021	10/31/2021	(530,494)	(193,616)	(724,110)	(16,707)	62	365	(2,838)	(454,789)	10,012.94	24,804,742	(1,277,964)	(3,804,097)	(2,526,133)	(530,494)	(75,705)	-	(3,804,097)
11/1/2021	11/1/2021	11/30/2021	(613,629)	(223,960)	(837,589)	(83,135)	32	365	(7,289)	(462,077)	11,957.30	34,007,098	(1,338,420)	(4,260,437)	(2,922,017)	(613,629)	(151,552)	(316,331)	(3,944,106)
12/1/2021	12/1/2021	12/31/2021	(632,259)	(230,758)	(863,017)	(18,630)	1	365	(51)	(462,128)	20,627.88	34,028,695	(1,419,283)	(4,430,013)	(3,010,729)	(632,259)	(170,131)	(345,898)	(4,084,114)
	13 Mo-Ave		(474,036.00)	(173,011)	(647,047)			Total Prorated Balance	(462,128)	(462,128)	11,908				13 mo-Ave	(474,036)	(47,926)		
	Proration Adj				11,908											21.000%			
							Proration Adjustment		11,908	(426,110.15)									
Prorated Balance					(635,139)														
True-up Adj					(47,926)														
Inclusion in Rate Base					(683,065)														

NGEP Rider 2021 Forecast
Estimate of Plant Deferred Taxes
Stations

	2017 & prior	2018 & Fwd
Federal Tax Rate	0.35	0.21
MN Tax Rate	0.098	0.098
MN Apportionment Factor	0.989671	0.989671
MI Tax Rate	0.06	0.06
MI Apportionment Factor	0.000542	0.000542

Bk Depr Rate	4.4600%	2018 - Prior
Bk Depr Rate	4.3400%	

Year		Book Basis	Tax Basis Activity	Book Reserve PV	Book Reserve	Vint 2017	Vint 2018	Vint 2019	Vint 2020	Vint 2021	Vint 2022	Vint 2023
2016	12/1/2016	-	-		-							
2017	12/1/2017	2,291,461.45	2,291,461.45	-	(2,902.52)	(85,929.80)						
2018	1/1/2018	2,161,668.66	(129,792.79)	(11,419.12)	(11,419.12)	(99,714.85)	405.60					
2018	2/1/2018	2,237,310.67	75,642.01	(19,935.72)	(19,453.32)	(113,499.90)	338.44					
2018	3/1/2018	2,318,175.50	80,864.83	(28,452.32)	(27,768.66)	(127,284.95)	(250.44)					
2018	4/1/2018	2,327,751.26	9,575.76	(36,968.91)	(36,384.54)	(141,070.01)	(453.62)					
2018	5/1/2018	2,397,768.64	70,017.38	(45,485.51)	(8,032.48)	(154,855.06)	(1,661.05)					
2018	6/1/2018	2,405,286.61	7,517.97	(54,002.11)	(16,944.19)	(168,640.11)	(2,134.22)					
2018	7/1/2018	2,462,924.98	57,638.37	(62,518.71)	(25,883.83)	(182,425.16)	(3,750.76)					
2018	8/1/2018	2,432,813.79	(30,111.19)	(71,035.31)	(33,829.96)	(196,210.21)	(3,533.81)					
2018	9/1/2018	2,491,694.10	58,880.31	(79,551.91)	(42,871.91)	(209,995.26)	(5,631.54)					
2018	10/1/2018	2,546,169.29	54,475.19	(88,068.50)	(1,533.50)	(223,780.31)	(7,959.62)					
2018	11/1/2018	2,550,715.79	4,546.50	(96,585.10)	(10,996.76)	(237,565.36)	(8,911.87)					
2018	12/1/2018	2,555,341.34	4,625.55	(105,101.70)	(16,451.92)	(251,350.41)	(9,895.50)					
2019	1/1/2019	2,555,657.60	316.26	(25,693.74)	(21,666.32)	(264,100.48)	(11,482.95)	(0.99)				
2019	2/1/2019	2,559,024.36	3,366.76	(34,935.56)	(30,909.28)	(276,850.55)	(13,070.41)	(23.02)				
2019	3/1/2019	2,559,916.51	892.15	(44,177.38)	(36,136.60)	(289,600.63)	(14,657.87)	(42.89)				
2019	4/1/2019	2,561,545.30	1,628.79	(53,419.19)	(41,903.53)	(302,350.70)	(16,245.33)	(77.55)				
2019	5/1/2019	2,564,829.05	3,283.75	(62,661.01)	(51,167.78)	(315,100.77)	(17,832.78)	(148.25)				
2019	6/1/2019	2,564,829.05	-	(71,902.83)	(41,642.43)	(327,850.85)	(19,420.24)	(177.89)				
2019	7/1/2019	2,564,829.05	-	(81,144.65)	(50,918.56)	(340,600.92)	(21,007.70)	(207.54)				
2019	8/1/2019	2,565,771.45	942.40	(90,386.47)	(60,194.70)	(353,350.99)	(22,595.16)	(260.75)				
2019	9/1/2019	2,573,023.19	7,251.74	(99,628.28)	(69,474.24)	(366,101.07)	(24,182.61)	(497.30)				
2019	10/1/2019	2,573,068.71	45.52	(108,870.10)	(78,780.00)	(378,851.14)	(25,770.07)	(553.98)				
2019	11/1/2019	5,509,183.82	2,936,115.11	(118,111.92)	(88,085.94)	(391,601.21)	(27,357.53)	(101,538.34)				
2019	12/1/2019	6,001,396.47	492,212.65	(127,353.74)	(108,010.82)	(404,351.29)	(28,944.99)	(129,227.07)				
2020	1/1/2020	6,001,396.47	-	(129,715.87)	(129,715.87)	(416,146.59)	(30,413.26)	(149,957.96)	-			
2020	2/1/2020	6,001,396.47	-	(151,420.92)	(151,420.92)	(427,941.88)	(31,881.53)	(170,688.85)	-			
2020	3/1/2020	6,001,396.47	-	(173,125.97)	(173,125.97)	(439,737.18)	(33,349.80)	(191,419.75)	-			
2020	4/1/2020	6,001,396.47	-	(194,831.02)	(194,831.02)	(451,532.48)	(34,818.07)	(212,150.64)	-			
2020	5/1/2020	6,001,396.47	-	(216,536.07)	(216,536.07)	(463,327.78)	(36,286.34)	(232,881.53)	-			
2020	6/1/2020	6,001,396.47	-	(238,241.12)	(238,241.12)	(475,123.07)	(37,754.62)	(253,612.43)	-			
2020	7/1/2020	6,001,396.47	-	(259,946.17)	(259,946.17)	(486,918.37)	(39,222.89)	(274,343.32)	-			
2020	8/1/2020	6,001,396.47	-	(281,651.22)	(281,651.22)	(498,713.67)	(40,691.16)	(295,074.21)	-			
2020	9/1/2020	6,001,396.47	-	(303,356.27)	(303,356.27)	(510,508.97)	(42,159.43)	(315,805.11)	-			
2020	10/1/2020	6,001,396.47	-	(325,061.32)	(325,061.32)	(522,304.27)	(43,627.70)	(336,536.00)	-			
2020	11/1/2020	6,230,769.84	229,373.37	(346,766.37)	(346,766.37)	(534,099.56)	(45,095.97)	(357,266.89)	(7,884.71)			
2020	12/1/2020	6,242,105.98	11,336.14	(368,471.42)	(369,300.99)	(545,894.86)	(46,564.25)	(377,997.79)	(9,026.61)			
2021	1/1/2021	6,242,105.98	-	(391,876.61)	(391,876.61)	(556,804.13)	(47,922.57)	(397,172.21)	(10,474.67)	-		
2021	2/1/2021	6,242,105.98	-	(414,452.22)	(414,452.22)	(567,713.39)	(49,280.89)	(416,346.64)	(11,922.74)	-		
2021	3/1/2021	6,242,105.98	-	(437,027.84)	(437,027.84)	(578,622.66)	(50,639.21)	(435,521.06)	(13,370.81)	-		
2021	4/1/2021	6,242,105.98	-	(459,603.46)	(459,603.46)	(589,531.93)	(51,997.53)	(454,695.49)	(14,818.88)	-		
2021	5/1/2021	6,242,105.98	-	(482,179.07)	(482,179.07)	(600,441.19)	(53,355.85)	(473,869.91)	(16,266.95)	-		
2021	6/1/2021	6,242,105.98	-	(504,754.69)	(504,754.69)	(611,350.46)	(54,714.18)	(493,044.34)	(17,715.02)	-		
2021	7/1/2021	6,242,105.98	-	(527,330.31)	(527,330.31)	(622,259.72)	(56,072.50)	(512,218.76)	(19,163.08)	-		
2021	8/1/2021	6,242,105.98	-	(549,905.92)	(549,905.92)	(633,168.99)	(57,430.82)	(531,393.19)	(20,611.15)	-		
2021	9/1/2021	6,242,105.98	-	(572,481.54)	(572,481.54)	(644,078.26)	(58,789.14)	(550,567.61)	(22,059.22)	-		
2021	10/1/2021	6,242,105.98	-	(595,057.16)	(595,057.16)	(654,987.52)	(60,147.46)	(569,742.04)	(23,507.29)	-		
2021	11/1/2021	8,068,107.93	1,826,001.94	(617,632.77)	(617,632.77)	(665,896.79)	(61,505.78)	(588,916.46)	(24,955.36)	(62,768.82)		
2021	12/1/2021	8,072,619.07	4,511.14	(640,208.39)	(646,812.43)	(676,806.05)	(62,864.11)	(608,090.89)	(26,403.43)	(68,644.24)		

Year		Tax Reserve	Accum Sch M	ADIT Fed	ADIT State	Total ADIT	ADIT Expense	M1 CV	ADIT CV	ADIT PV
2016	12/1/2016	-	-	0	-	-	-			-
2017	12/1/2017	(85,929.80)	(83,027.28)	(29,060.00)	(5,236.00)	(34,296.00)	34,296.00	(83,027.28)	(34,296.00)	-
2018	1/1/2018	(99,309.25)	(87,890.13)	(30,081.00)	(5,609.00)	(35,690.00)	1,394.00	405.60	116.00	(35,806.00)
2018	2/1/2018	(113,161.46)	(93,708.14)	(31,303.00)	(6,055.00)	(37,358.00)	1,668.00	(143.95)	(41.00)	(37,317.00)
2018	3/1/2018	(127,535.40)	(99,766.74)	(32,575.00)	(6,520.00)	(39,095.00)	1,737.00	(934.10)	(268.00)	(38,827.00)
2018	4/1/2018	(141,523.63)	(105,139.08)	(33,703.00)	(6,932.00)	(40,635.00)	1,540.00	(1,037.99)	(298.00)	(40,337.00)
2018	5/1/2018	(156,516.11)	(148,483.63)	(42,805.00)	(10,255.00)	(53,060.00)	12,425.00	(39,114.08)	(11,212.00)	(41,848.00)
2018	6/1/2018	(170,774.33)	(153,830.14)	(43,928.00)	(10,665.00)	(54,593.00)	1,533.00	(39,192.15)	(11,234.00)	(43,359.00)
2018	7/1/2018	(186,175.92)	(160,292.09)	(45,285.00)	(11,160.00)	(56,445.00)	1,852.00	(40,385.64)	(11,576.00)	(44,869.00)
2018	8/1/2018	(199,744.01)	(165,914.06)	(46,466.00)	(11,591.00)	(58,057.00)	1,612.00	(40,739.16)	(11,678.00)	(46,379.00)
2018	9/1/2018	(215,626.80)	(172,754.89)	(47,903.00)	(12,115.00)	(60,018.00)	1,961.00	(42,311.53)	(12,128.00)	(47,890.00)
2018	10/1/2018	(231,739.93)	(230,206.43)	(59,968.00)	(16,518.00)	(76,486.00)	16,468.00	(94,494.62)	(27,087.00)	(49,399.00)
2018	11/1/2018	(246,477.22)	(235,480.46)	(61,076.00)	(16,922.00)	(77,998.00)	1,512.00	(94,500.21)	(27,088.00)	(50,910.00)
2018	12/1/2018	(261,245.90)	(244,793.98)	(63,032.00)	(17,636.00)	(80,668.00)	2,670.00	(98,545.27)	(28,248.00)	(52,420.00)
2019	1/1/2019	(275,584.42)	(253,918.10)	(64,948.00)	(18,335.00)	(83,283.00)	2,615.00	(4,028.41)	(1,155.00)	(82,128.00)
2019	2/1/2019	(289,943.98)	(259,034.70)	(66,022.00)	(18,728.00)	(84,750.00)	1,467.00	(4,049.30)	(1,161.00)	(83,589.00)
2019	3/1/2019	(304,301.39)	(268,164.79)	(67,939.00)	(19,428.00)	(87,367.00)	2,617.00	(8,083.67)	(2,317.00)	(85,050.00)
2019	4/1/2019	(318,673.58)	(276,770.05)	(69,746.00)	(20,088.00)	(89,834.00)	2,467.00	(11,593.22)	(3,323.00)	(86,511.00)
2019	5/1/2019	(333,081.80)	(281,914.02)	(70,826.00)	(20,482.00)	(91,308.00)	1,474.00	(11,641.48)	(3,337.00)	(87,971.00)
2019	6/1/2019	(347,448.98)	(305,806.55)	(75,843.00)	(22,314.00)	(98,157.00)	6,849.00	(30,438.29)	(8,725.00)	(89,432.00)
2019	7/1/2019	(361,816.16)	(310,897.60)	(76,912.00)	(22,704.00)	(99,616.00)	1,459.00	(30,433.63)	(8,724.00)	(90,892.00)
2019	8/1/2019	(376,206.90)	(316,012.21)	(77,986.00)	(23,096.00)	(101,082.00)	1,466.00	(30,452.52)	(8,729.00)	(92,353.00)
2019	9/1/2019	(390,780.98)	(321,306.75)	(79,098.00)	(23,502.00)	(102,600.00)	1,518.00	(30,651.35)	(8,786.00)	(93,814.00)
2019	10/1/2019	(405,175.19)	(326,395.19)	(80,167.00)	(23,892.00)	(104,059.00)	1,459.00	(30,644.08)	(8,784.00)	(95,275.00)
2019	11/1/2019	(520,497.08)	(432,411.14)	(102,430.00)	(32,018.00)	(134,448.00)	30,389.00	(131,564.32)	(37,712.00)	(96,736.00)
2019	12/1/2019	(562,523.34)	(454,512.52)	(107,071.00)	(33,712.00)	(140,783.00)	6,335.00	(148,569.99)	(42,587.00)	(98,196.00)
2020	1/1/2020	(596,517.80)	(466,801.94)	(109,652.00)	(34,654.00)	(144,306.00)	3,523.00	-	-	(144,306.00)
2020	2/1/2020	(630,512.27)	(479,091.35)	(112,233.00)	(35,596.00)	(147,829.00)	3,523.00	-	-	(147,829.00)
2020	3/1/2020	(664,506.73)	(491,380.76)	(114,814.00)	(36,538.00)	(151,352.00)	3,523.00	-	-	(151,352.00)
2020	4/1/2020	(698,501.19)	(503,670.17)	(117,395.00)	(37,480.00)	(154,875.00)	3,523.00	-	-	(154,875.00)
2020	5/1/2020	(732,495.65)	(515,959.58)	(119,976.00)	(38,422.00)	(158,398.00)	3,523.00	-	-	(158,398.00)
2020	6/1/2020	(766,490.12)	(528,249.00)	(122,557.00)	(39,364.00)	(161,921.00)	3,523.00	-	-	(161,921.00)
2020	7/1/2020	(800,484.58)	(540,538.41)	(125,138.00)	(40,306.00)	(165,444.00)	3,523.00	-	-	(165,444.00)
2020	8/1/2020	(834,479.04)	(552,827.82)	(127,719.00)	(41,248.00)	(168,967.00)	3,523.00	-	-	(168,967.00)
2020	9/1/2020	(868,473.51)	(565,117.23)	(130,300.00)	(42,190.00)	(172,490.00)	3,523.00	-	-	(172,490.00)
2020	10/1/2020	(902,467.97)	(577,406.65)	(132,881.00)	(43,132.00)	(176,013.00)	3,523.00	-	-	(176,013.00)
2020	11/1/2020	(944,347.14)	(597,580.77)	(137,118.00)	(44,678.00)	(181,796.00)	5,783.00	(7,884.71)	(2,260.00)	(179,536.00)
2020	12/1/2020	(979,483.50)	(610,182.51)	(139,764.00)	(45,644.00)	(185,408.00)	3,612.00	(8,197.04)	(2,350.00)	(183,058.00)
2021	1/1/2021	(1,012,373.58)	(620,496.97)	(141,928.00)	(46,434.00)	(188,362.00)	44,056.00	-	-	(188,362.00)
2021	2/1/2021	(1,045,263.66)	(630,811.44)	(144,094.00)	(47,225.00)	(191,319.00)	43,490.00	-	-	(191,319.00)
2021	3/1/2021	(1,078,153.74)	(641,125.90)	(146,260.00)	(48,016.00)	(194,276.00)	42,924.00	-	-	(194,276.00)
2021	4/1/2021	(1,111,043.83)	(651,440.37)	(148,427.00)	(48,806.00)	(197,233.00)	42,358.00	-	-	(197,233.00)
2021	5/1/2021	(1,143,933.91)	(661,754.83)	(150,593.00)	(49,597.00)	(200,190.00)	41,792.00	-	-	(200,190.00)
2021	6/1/2021	(1,176,823.99)	(672,069.30)	(152,759.00)	(50,388.00)	(203,147.00)	41,226.00	-	-	(203,147.00)
2021	7/1/2021	(1,209,714.07)	(682,383.76)	(154,926.00)	(51,177.00)	(206,103.00)	40,659.00	-	-	(206,103.00)
2021	8/1/2021	(1,242,604.15)	(692,698.23)	(157,092.00)	(51,968.00)	(209,060.00)	40,093.00	-	-	(209,060.00)
2021	9/1/2021	(1,275,494.23)	(703,012.69)	(159,258.00)	(52,759.00)	(212,017.00)	39,527.00	-	-	(212,017.00)
2021	10/1/2021	(1,308,384.31)	(713,327.16)	(161,424.00)	(53,550.00)	(214,974.00)	38,961.00	-	-	(214,974.00)
2021	11/1/2021	(1,404,043.21)	(786,410.44)	(176,772.00)	(59,151.00)	(235,923.00)	54,127.00	(62,768.82)	(17,992.00)	(217,931.00)
2021	12/1/2021	(1,442,808.72)	(795,996.28)	(178,785.00)	(59,886.00)	(238,671.00)	53,263.00	(62,040.20)	(17,784.00)	(220,887.00)

Proration is NOT APPLICABLE for actuals

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Federal ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2017	(29,060)	(5,236)	(34,296)		365	365	(29,060)	(29,060)		2,291,461	(2,903)	(85,930)	(83,027)	(29,060)	-	-	(85,930)
1/1/2018	1/1/2018	1/31/2018	(31,891)	(6,269)	(38,160)	(2,831)	335	365	(2,598)	(31,658)	(2,380.55)	2,161,669	(11,419)	(94,848)	(83,429)	(40,638)	(8,980)	4,867	(99,715)
2/1/2018	2/1/2018	2/28/2018	(34,722)	(7,302)	(42,024)	(2,831)	307	365	(2,381)	(34,039)	(1,945.60)	2,237,311	(19,453)	(111,469)	(92,016)	(41,830)	(7,790)	2,031	(113,500)
3/1/2018	3/1/2018	3/31/2018	(37,553)	(8,335)	(45,888)	(2,831)	276	365	(2,141)	(36,180)	(1,487.39)	2,318,176	(27,769)	(128,287)	(100,518)	(43,010)	(6,830)	(1,002)	(127,285)
4/1/2018	4/1/2018	4/30/2018	(40,384)	(9,368)	(49,752)	(2,831)	246	365	(1,908)	(38,088)	(1,036.94)	2,327,751	(36,385)	(142,431)	(106,046)	(43,777)	(5,689)	(1,361)	(141,070)
5/1/2018	5/1/2018	5/31/2018	(43,215)	(10,401)	(53,616)	(2,831)	215	365	(1,668)	(39,756)	(578.73)	2,397,769	(8,032)	(158,842)	(150,809)	(49,989)	(10,233)	(3,987)	(154,855)
6/1/2018	6/1/2018	6/30/2018	(46,046)	(11,434)	(57,480)	(2,831)	185	365	(1,435)	(41,191)	(128.28)	2,405,287	(16,944)	(172,909)	(155,964)	(50,704)	(9,514)	(4,268)	(168,640)
7/1/2018	7/1/2018	7/31/2018	(48,877)	(12,467)	(61,344)	(2,831)	154	365	(1,194)	(42,385)	329.94	2,462,925	(25,884)	(188,855)	(162,971)	(51,677)	(9,292)	(6,430)	(182,425)
8/1/2018	8/1/2018	8/31/2018	(51,708)	(13,500)	(65,208)	(2,831)	123	365	(954)	(43,339)	788.15	2,432,814	(33,830)	(201,511)	(167,681)	(52,330)	(8,991)	(5,301)	(196,210)
9/1/2018	9/1/2018	9/30/2018	(54,539)	(14,533)	(69,072)	(2,831)	93	365	(721)	(44,060)	1,238.60	2,491,694	(42,872)	(217,504)	(174,632)	(53,295)	(9,235)	(7,509)	(209,995)
10/1/2018	10/1/2018	10/31/2018	(57,370)	(15,566)	(72,936)	(2,831)	62	365	(481)	(44,541)	1,696.81	2,546,169	(1,534)	(233,332)	(231,798)	(61,228)	(16,687)	(9,552)	(223,780)
11/1/2018	11/1/2018	11/30/2018	(60,201)	(16,599)	(76,800)	(2,831)	32	365	(248)	(44,790)	2,147.26	2,550,716	(10,997)	(247,287)	(236,291)	(61,852)	(17,062)	(9,722)	(237,565)
12/1/2018	12/1/2018	12/31/2018	(63,032)	(17,636)	(80,668)	(2,831)	1	365	(8)	(44,797)	2,605.47	2,555,341	(16,452)	(261,246)	(244,794)	(63,032)	(18,235)	(9,895)	(251,350)
	13 Mo-Ave		(46,046.00)	(11,434)	(57,480)			Total Prorated Balance	(44,797)	(44,797)	1,249				13 mo-Ave	(49,417)	(9,887)		
	Proration Adj				1,249											25.749%			
							Proration Adjustment		1,249										
	Prorated Balance				(56,232)														
	True-up Adj				(9,887)														
	Inclusion in Rate Base				(66,119)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Federal ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2018	(63,032)	(17,636)	(80,668)		365	365	(63,032)	(63,032)		2,555,341	(16,452)	(261,246)	(244,794)	(63,032)	-	-	(261,246)
1/1/2019	1/1/2019	1/31/2019	(66,702)	(18,976)	(85,678)	(3,670)	335	365	(3,368)	(66,400)	(3,086.05)	2,555,658	(21,666)	(275,595)	(253,929)	(87,636)	(21,236)	(12)	(275,583)
2/1/2019	2/1/2019	2/28/2019	(70,372)	(20,316)	(90,688)	(3,670)	307	365	(3,087)	(69,487)	(2,522.21)	2,559,024	(30,909)	(290,059)	(259,150)	(88,142)	(18,655)	(138)	(289,921)
3/1/2019	3/1/2019	3/31/2019	(74,042)	(21,656)	(95,698)	(3,670)	276	365	(2,775)	(72,262)	(1,928.20)	2,559,917	(36,137)	(304,430)	(268,293)	(89,028)	(16,765)	(172)	(304,258)
4/1/2019	4/1/2019	4/30/2019	(77,712)	(22,996)	(100,708)	(3,670)	246	365	(2,473)	(74,736)	(1,344.25)	2,561,545	(41,904)	(318,829)	(276,925)	(89,864)	(15,128)	(233)	(318,596)
5/1/2019	5/1/2019	5/31/2019	(81,382)	(24,336)	(105,718)	(3,670)	215	365	(2,162)	(76,898)	(750.24)	2,564,829	(51,168)	(333,289)	(282,122)	(90,368)	(13,470)	(356)	(332,934)
6/1/2019	6/1/2019	6/30/2019	(85,052)	(25,676)	(110,728)	(3,670)	185	365	(1,860)	(78,758)	(166.29)	2,564,829	(41,642)	(347,627)	(305,984)	(92,680)	(13,922)	(356)	(347,271)
7/1/2019	7/1/2019	7/31/2019	(88,722)	(27,016)	(115,738)	(3,670)	154	365	(1,548)	(80,306)	427.72	2,564,829	(50,919)	(361,964)	(311,046)	(93,170)	(12,864)	(356)	(361,609)
8/1/2019	8/1/2019	8/31/2019	(92,392)	(28,356)	(120,748)	(3,670)	123	365	(1,237)	(81,543)	1,021.72	2,565,771	(60,195)	(376,337)	(316,143)	(93,664)	(12,121)	(391)	(375,946)
9/1/2019	9/1/2019	9/30/2019	(96,062)	(29,696)	(125,758)	(3,670)	93	365	(935)	(82,478)	1,605.67	2,573,023	(69,474)	(390,947)	(321,473)	(94,180)	(11,702)	(663)	(390,284)
10/1/2019	10/1/2019	10/31/2019	(99,732)	(31,036)	(130,768)	(3,670)	62	365	(623)	(83,101)	2,199.68	2,573,069	(78,780)	(405,286)	(326,506)	(94,668)	(11,567)	(665)	(404,621)
11/1/2019	11/1/2019	11/30/2019	(103,402)	(32,376)	(135,778)	(3,670)	32	365	(322)	(83,423)	2,783.63	5,509,184	(88,086)	(529,728)	(441,642)	(105,824)	(22,401)	(110,769)	(418,959)
12/1/2019	12/1/2019	12/31/2019	(107,071)	(33,712)	(140,783)	(3,669)	1	365	(10)	(83,433)	3,377.56	6,001,396	(108,011)	(562,523)	(454,513)	(107,071)	(23,638)	(129,227)	(433,296)
	13 Mo-Ave		(85,051.92)	(25,676)	(110,728)			Total Prorated Balance	(83,433)	(83,433)	1,619				13 mo-Ave	(91,487)	(14,882)		
	Proration Adj				1,619											23.557%			
							Proration Adjustment		1,619										
	Prorated Balance				(109,109)														
	True-up Adj				(14,882)														
	Inclusion in Rate Base				(123,991)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Fed ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2019	(107,071)	(33,712)	(140,783)		365	365	(107,071)	(107,071)		6,001,396	(108,011)	(562,523)	(454,513)	(107,071)	-	-	(562,523)
1/1/2020	1/1/2020	1/31/2020	(109,652)	(34,654)	(144,306)	(2,581)	335	365	(2,369)	(109,440)	(2,170.32)	6,001,396	(129,716)	(596,518)	(466,802)	(109,652)	(212)	-	(596,518)
2/1/2020	2/1/2020	2/29/2020	(112,233)	(35,596)	(147,829)	(2,581)	306	365	(2,164)	(111,604)	(1,766.72)	6,001,396	(151,421)	(630,512)	(479,091)	(112,233)	(629)	-	(630,512)
3/1/2020	3/1/2020	3/31/2020	(114,814)	(36,538)	(151,352)	(2,581)	275	365	(1,945)	(113,548)	(1,348.97)	6,001,396	(173,126)	(664,507)	(491,381)	(114,814)	(1,266)	-	(664,507)
4/1/2020	4/1/2020	4/30/2020	(117,395)	(37,480)	(154,875)	(2,581)	245	365	(1,732)	(115,281)	(938.30)	6,001,396	(194,831)	(698,501)	(503,670)	(117,395)	(2,114)	-	(698,501)
5/1/2020	5/1/2020	5/31/2020	(119,976)	(38,422)	(158,398)	(2,581)	214	365	(1,513)	(116,794)	(520.55)	6,001,396	(216,536)	(732,496)	(515,960)	(119,976)	(3,182)	-	(732,496)
6/1/2020	6/1/2020	6/30/2020	(122,557)	(39,364)	(161,921)	(2,581)	184	365	(1,301)	(118,095)	(109.88)	6,001,396	(238,241)	(766,490)	(528,249)	(122,557)	(4,462)	-	(766,490)
7/1/2020	7/1/2020	7/31/2020	(125,138)	(40,306)	(165,444)	(2,581)	153	365	(1,082)	(119,177)	307.87	6,001,396	(259,946)	(800,485)	(540,538)	(125,138)	(5,961)	-	(800,485)
8/1/2020	8/1/2020	8/31/2020	(127,719)	(41,248)	(168,967)	(2,581)	122	365	(863)	(120,040)	725.62	6,001,396	(281,651)	(834,479)	(552,828)	(127,719)	(7,679)	-	(834,479)
9/1/2020	9/1/2020	9/30/2020	(130,300)	(42,190)	(172,490)	(2,581)	92	365	(651)	(120,690)	1,136.29	6,001,396	(303,356)	(868,474)	(565,117)	(130,300)	(9,610)	-	(868,474)
10/1/2020	10/1/2020	10/31/2020	(132,881)	(43,132)	(176,013)	(2,581)	61	365	(431)	(121,122)	1,554.04	6,001,396	(325,061)	(902,468)	(577,407)	(132,881)	(11,759)	-	(902,468)
11/1/2020	11/1/2020	11/30/2020	(137,118)	(44,678)	(181,796)	(4,237)	31	365	(360)	(121,481)	1,951.45	6,230,770	(346,766)	(944,347)	(597,581)	(137,118)	(15,637)	(7,885)	(936,462)
12/1/2020	12/1/2020	12/31/2020	(139,764)	(45,644)	(185,408)	(2,646)	0	365	-	(121,481)	2,514.85	6,242,106	(369,301)	(979,484)	(610,183)	(139,764)	(18,283)	(9,027)	(970,457)
	13 Mo-Ave		(122,816.77)	(39,459)	(162,276)			Total Prorated Balance	(121,481)	(121,481)	1,335				13 mo-Ave	(122,817)	(6,215)		
	Proration Adj				1,335											22.905%			
							Proration Adjustment		1,335										
Prorated Balance					(160,940)														
True-up Adj					(6,215)														
Inclusion in Rate Base					(167,155)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Fed ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2020	(139,764)	(45,644)	(185,408)		365	365	(139,764)	(139,764)		6,242,106	(369,301)	(979,484)	(610,183)	(139,764)	-	-	(979,484)
1/1/2021	1/1/2021	1/31/2021	(141,928)	(46,434)	(188,362)	(2,164)	335	365	(1,986)	(141,750)	(1,819.68)	6,242,106	(391,877)	(1,012,374)	(620,497)	(141,928)	(178)	-	(1,012,374)
2/1/2021	2/1/2021	2/28/2021	(144,094)	(47,225)	(191,319)	(2,166)	307	365	(1,822)	(143,572)	(1,488.74)	6,242,106	(414,452)	(1,045,264)	(630,811)	(144,094)	(522)	-	(1,045,264)
3/1/2021	3/1/2021	3/31/2021	(146,260)	(48,016)	(194,276)	(2,166)	276	365	(1,638)	(145,210)	(1,138.16)	6,242,106	(437,028)	(1,078,154)	(641,126)	(146,260)	(1,050)	-	(1,078,154)
4/1/2021	4/1/2021	4/30/2021	(148,427)	(48,806)	(197,233)	(2,167)	246	365	(1,460)	(146,670)	(794.11)	6,242,106	(459,603)	(1,111,044)	(651,440)	(148,427)	(1,757)	-	(1,111,044)
5/1/2021	5/1/2021	5/31/2021	(150,593)	(49,597)	(200,190)	(2,166)	215	365	(1,276)	(147,946)	(442.86)	6,242,106	(482,179)	(1,143,934)	(661,755)	(150,593)	(2,647)	-	(1,143,934)
6/1/2021	6/1/2021	6/30/2021	(152,759)	(50,388)	(203,147)	(2,166)	185	365	(1,098)	(149,044)	(98.22)	6,242,106	(504,755)	(1,176,824)	(672,069)	(152,759)	(3,715)	-	(1,176,824)
7/1/2021	7/1/2021	7/31/2021	(154,926)	(51,177)	(206,103)	(2,167)	154	365	(914)	(149,958)	252.01	6,242,106	(527,330)	(1,209,714)	(682,384)	(154,926)	(4,968)	-	(1,209,714)
8/1/2021	8/1/2021	8/31/2021	(157,092)	(51,968)	(209,060)	(2,166)	123	365	(730)	(150,688)	603.01	6,242,106	(549,906)	(1,242,604)	(692,698)	(157,092)	(6,404)	-	(1,242,604)
9/1/2021	9/1/2021	9/30/2021	(159,258)	(52,759)	(212,017)	(2,166)	93	365	(552)	(151,240)	947.65	6,242,106	(572,482)	(1,275,494)	(703,013)	(159,258)	(8,018)	-	(1,275,494)
10/1/2021	10/1/2021	10/31/2021	(161,424)	(53,550)	(214,974)	(2,166)	62	365	(368)	(151,608)	1,298.23	6,242,106	(595,057)	(1,308,384)	(713,327)	(161,424)	(9,816)	-	(1,308,384)
11/1/2021	11/1/2021	11/30/2021	(176,772)	(59,151)	(235,923)	(15,348)	32	365	(1,346)	(152,954)	1,501.19	8,068,108	(617,633)	(1,404,043)	(786,410)	(176,772)	(23,818)	(62,769)	(1,341,274)
12/1/2021	12/1/2021	12/31/2021	(178,785)	(59,886)	(238,671)	(2,013)	1	365	(6)	(152,959)	2,996.10	8,072,619	(646,812)	(1,442,809)	(795,996)	(178,785)	(25,826)	(68,644)	(1,374,164)
	13 Mo-Ave		(154,775.54)	(51,123)	(205,899)			Total Prorated Balance	(152,959)	(152,959)	1,816				13 mo-Ave	(154,776)	(6,824)		
	Proration Adj				1,816											22.461%			
							Proration Adjustment		1,816	(147,951.05)									
Prorated Balance					(204,082)														
True-up Adj					(6,824)														
Inclusion in Rate Base					(210,907)														

NGEP Rider 2021 Forecast
Estimate of Plant Deferred Taxes
SCADA

	2017 & prior	2018 & Fwd
Federal Tax Rate	0.35	0.21
MN Tax Rate	0.098	0.098
MN Apportionment Factor	0.989671	0.989671
MI Tax Rate	0.06	0.06
MI Apportionment Factor	0.000542	0.000542

Bk Depr Rate 8.3300% 2018 - Prior
Bk Depr Rate 8.3300%

Year		Book Basis	Tax Basis Activity	Book Reserve PV	Book Reserve	Vint 2017	Vint 2018	Vint 2019	Vint 2020	Vint 2021	Vint 2022	Vint 2023
2016	12/1/2016	-	-		-							
2017	12/1/2017	86,959.22	86,959.22	-	(301.82)	(12,426.47)						
2018	1/1/2018	80,073.66	(6,885.56)	(905.46)	(905.46)	(14,201.17)	82.00					
2018	2/1/2018	84,086.50	4,012.84	(1,509.10)	(1,461.31)	(15,975.86)	68.42					
2018	3/1/2018	88,390.52	4,304.02	(2,112.75)	(2,045.01)	(17,750.55)	(51.13)					
2018	4/1/2018	88,884.41	493.89	(2,716.39)	(2,658.58)	(19,525.24)	(91.70)					
2018	5/1/2018	90,635.81	1,751.40	(3,320.03)	(3,275.59)	(21,299.94)	(218.91)					
2018	6/1/2018	91,034.63	398.82	(3,923.67)	(3,904.75)	(23,074.63)	(291.19)					
2018	7/1/2018	94,092.37	3,057.74	(4,527.31)	(4,536.69)	(24,849.32)	(594.61)					
2018	8/1/2018	92,430.88	(1,661.49)	(5,130.96)	(5,189.84)	(26,624.01)	(521.27)					
2018	9/1/2018	95,554.50	3,123.62	(5,734.60)	(5,831.47)	(28,398.71)	(921.20)					
2018	10/1/2018	95,760.12	205.62	(6,338.24)	(6,494.78)	(30,173.40)	(1,048.04)					
2018	11/1/2018	96,001.31	241.19	(6,941.88)	(7,159.51)	(31,948.09)	(1,184.44)					
2018	12/1/2018	96,033.16	31.85	(7,545.52)	(7,825.92)	(33,722.79)	(1,296.67)					
2019	1/1/2019	96,049.94	16.78	(8,492.55)	(8,492.55)	(34,990.22)	(1,481.85)	(0.20)				
2019	2/1/2019	96,228.55	178.61	(9,159.18)	(9,159.30)	(36,257.65)	(1,667.03)	(4.65)				
2019	3/1/2019	96,275.88	47.33	(9,825.81)	(9,827.28)	(37,525.08)	(1,852.22)	(8.67)				
2019	4/1/2019	96,362.29	86.41	(10,492.44)	(10,495.60)	(38,792.51)	(2,037.40)	(15.68)				
2019	5/1/2019	96,536.49	174.20	(11,159.07)	(11,164.51)	(40,059.94)	(2,222.59)	(29.97)				
2019	6/1/2019	96,536.49	-	(11,825.70)	(11,834.64)	(41,327.37)	(2,407.77)	(35.96)				
2019	7/1/2019	96,536.49	-	(12,492.33)	(12,504.76)	(42,594.80)	(2,592.95)	(41.96)				
2019	8/1/2019	96,586.48	49.99	(13,158.96)	(13,174.89)	(43,862.23)	(2,778.14)	(52.71)				
2019	9/1/2019	96,971.19	384.71	(13,825.59)	(13,845.36)	(45,129.66)	(2,963.32)	(100.53)				
2019	10/1/2019	96,973.61	2.42	(14,492.22)	(14,518.50)	(46,397.09)	(3,148.51)	(111.99)				
2019	11/1/2019	96,978.38	4.77	(15,158.85)	(15,191.66)	(47,664.52)	(3,333.69)	(123.82)				
2019	12/1/2019	96,987.76	9.38	(15,825.48)	(15,864.85)	(48,931.95)	(3,518.87)	(136.41)				
2020	1/1/2020	96,987.76	-	(16,538.11)	(16,538.11)	(49,837.05)	(3,651.13)	(155.89)	-			
2020	2/1/2020	96,987.76	-	(17,211.36)	(17,211.36)	(50,742.15)	(3,783.38)	(175.38)	-			
2020	3/1/2020	96,987.76	-	(17,884.62)	(17,884.62)	(51,647.25)	(3,915.63)	(194.86)	-			
2020	4/1/2020	96,987.76	-	(18,557.88)	(18,557.88)	(52,552.36)	(4,047.88)	(214.34)	-			
2020	5/1/2020	96,987.76	-	(19,231.13)	(19,231.13)	(53,457.46)	(4,180.14)	(233.82)	-			
2020	6/1/2020	96,987.76	-	(19,904.39)	(19,904.39)	(54,362.56)	(4,312.39)	(253.30)	-			
2020	7/1/2020	96,987.76	-	(20,577.65)	(20,577.65)	(55,267.66)	(4,444.64)	(272.78)	-			
2020	8/1/2020	96,987.76	-	(21,250.90)	(21,250.90)	(56,172.76)	(4,576.90)	(292.27)	-			
2020	9/1/2020	96,987.76	-	(21,924.16)	(21,924.16)	(57,077.86)	(4,709.15)	(311.75)	-			
2020	10/1/2020	96,987.76	-	(22,597.42)	(22,597.42)	(57,982.96)	(4,841.40)	(331.23)	-			
2020	11/1/2020	96,987.76	-	(23,270.67)	(23,270.67)	(58,888.06)	(4,973.65)	(350.71)	-			
2020	12/1/2020	96,987.76	-	(23,943.93)	(23,943.93)	(59,793.16)	(5,105.91)	(370.19)	-			
2021	1/1/2021	96,987.76	-	(24,617.19)	(24,617.19)	(60,440.28)	(5,200.35)	(384.11)	-	-		
2021	2/1/2021	96,987.76	-	(25,290.44)	(25,290.44)	(61,087.40)	(5,294.80)	(398.02)	-	-		
2021	3/1/2021	96,987.76	-	(25,963.70)	(25,963.70)	(61,734.52)	(5,389.24)	(411.93)	-	-		
2021	4/1/2021	96,987.76	-	(26,636.96)	(26,636.96)	(62,381.65)	(5,483.68)	(425.85)	-	-		
2021	5/1/2021	96,987.76	-	(27,310.21)	(27,310.21)	(63,028.77)	(5,578.13)	(439.76)	-	-		
2021	6/1/2021	96,987.76	-	(27,983.47)	(27,983.47)	(63,675.89)	(5,672.57)	(453.67)	-	-		
2021	7/1/2021	96,987.76	-	(28,656.73)	(28,656.73)	(64,323.01)	(5,767.02)	(467.59)	-	-		
2021	8/1/2021	96,987.76	-	(29,329.98)	(29,329.98)	(64,970.13)	(5,861.46)	(481.50)	-	-		
2021	9/1/2021	96,987.76	-	(30,003.24)	(30,003.24)	(65,617.25)	(5,955.91)	(495.41)	-	-		
2021	10/1/2021	96,987.76	-	(30,676.50)	(30,676.50)	(66,264.37)	(6,050.35)	(509.33)	-	-		
2021	11/1/2021	96,987.76	-	(31,349.75)	(31,349.75)	(66,911.50)	(6,144.80)	(523.24)	-	-		
2021	12/1/2021	96,987.76	-	(32,023.01)	(32,023.01)	(67,558.62)	(6,239.24)	(537.15)	-	-		

Year		Tax Reserve	Accum Sch M	ADIT Fed	ADIT State	Total ADIT	ADIT Expense	M1 CV	ADIT CV	ADIT PV
2016	12/1/2016	-	-	0	-	-	-			-
2017	12/1/2017	(12,426.47)	(12,124.65)	(4,244.00)	(764.00)	(5,008.00)	5,008.00	(12,124.65)	(5,008.00)	-
2018	1/1/2018	(14,119.17)	(13,213.71)	(4,473.00)	(847.00)	(5,320.00)	312.00	82.00	24.00	(5,344.00)
2018	2/1/2018	(15,907.44)	(14,446.13)	(4,732.00)	(941.00)	(5,673.00)	353.00	20.62	6.00	(5,679.00)
2018	3/1/2018	(17,801.68)	(15,756.68)	(5,007.00)	(1,042.00)	(6,049.00)	376.00	(118.87)	(34.00)	(6,015.00)
2018	4/1/2018	(19,616.95)	(16,958.36)	(5,259.00)	(1,134.00)	(6,393.00)	344.00	(149.51)	(43.00)	(6,350.00)
2018	5/1/2018	(21,518.85)	(18,243.26)	(5,529.00)	(1,232.00)	(6,761.00)	368.00	(263.35)	(75.00)	(6,686.00)
2018	6/1/2018	(23,365.82)	(19,461.06)	(5,785.00)	(1,325.00)	(7,110.00)	349.00	(310.11)	(89.00)	(7,021.00)
2018	7/1/2018	(25,443.93)	(20,907.24)	(6,089.00)	(1,436.00)	(7,525.00)	415.00	(585.23)	(168.00)	(7,357.00)
2018	8/1/2018	(27,145.28)	(21,955.44)	(6,309.00)	(1,516.00)	(7,825.00)	300.00	(462.38)	(133.00)	(7,692.00)
2018	9/1/2018	(29,319.91)	(23,488.44)	(6,631.00)	(1,633.00)	(8,264.00)	439.00	(824.33)	(236.00)	(8,028.00)
2018	10/1/2018	(31,221.44)	(24,726.66)	(6,891.00)	(1,728.00)	(8,619.00)	355.00	(891.50)	(256.00)	(8,363.00)
2018	11/1/2018	(33,132.53)	(25,973.02)	(7,153.00)	(1,823.00)	(8,976.00)	357.00	(966.81)	(277.00)	(8,699.00)
2018	12/1/2018	(35,019.45)	(27,193.53)	(7,409.00)	(1,917.00)	(9,326.00)	350.00	(1,016.27)	(291.00)	(9,035.00)
2019	1/1/2019	(36,472.27)	(27,979.72)	(7,574.00)	(1,977.00)	(9,551.00)	225.00	(0.20)	-	(9,551.00)
2019	2/1/2019	(37,929.33)	(28,770.04)	(7,740.00)	(2,038.00)	(9,778.00)	227.00	(4.54)	(1.00)	(9,777.00)
2019	3/1/2019	(39,385.97)	(29,558.68)	(7,906.00)	(2,098.00)	(10,004.00)	226.00	(7.20)	(2.00)	(10,002.00)
2019	4/1/2019	(40,845.59)	(30,349.99)	(8,072.00)	(2,159.00)	(10,231.00)	227.00	(12.52)	(4.00)	(10,227.00)
2019	5/1/2019	(42,312.49)	(31,147.98)	(8,240.00)	(2,220.00)	(10,460.00)	229.00	(24.53)	(7.00)	(10,453.00)
2019	6/1/2019	(43,771.10)	(31,936.46)	(8,406.00)	(2,280.00)	(10,686.00)	226.00	(27.03)	(8.00)	(10,678.00)
2019	7/1/2019	(45,229.71)	(32,724.95)	(8,572.00)	(2,340.00)	(10,912.00)	226.00	(29.53)	(8.00)	(10,904.00)
2019	8/1/2019	(46,693.08)	(33,518.20)	(8,739.00)	(2,400.00)	(11,139.00)	227.00	(36.79)	(11.00)	(11,128.00)
2019	9/1/2019	(48,193.52)	(34,348.16)	(8,913.00)	(2,464.00)	(11,377.00)	238.00	(80.77)	(23.00)	(11,354.00)
2019	10/1/2019	(49,657.59)	(35,139.09)	(9,079.00)	(2,525.00)	(11,604.00)	227.00	(85.72)	(25.00)	(11,579.00)
2019	11/1/2019	(51,122.03)	(35,930.37)	(9,245.00)	(2,586.00)	(11,831.00)	227.00	(91.01)	(26.00)	(11,805.00)
2019	12/1/2019	(52,587.24)	(36,722.39)	(9,411.00)	(2,647.00)	(12,058.00)	227.00	(97.05)	(28.00)	(12,030.00)
2020	1/1/2020	(53,644.07)	(37,105.97)	(9,492.00)	(2,676.00)	(12,168.00)	110.00	-	-	(12,168.00)
2020	2/1/2020	(54,700.91)	(37,489.55)	(9,573.00)	(2,705.00)	(12,278.00)	110.00	-	-	(12,278.00)
2020	3/1/2020	(55,757.74)	(37,873.13)	(9,654.00)	(2,734.00)	(12,388.00)	110.00	-	-	(12,388.00)
2020	4/1/2020	(56,814.58)	(38,256.70)	(9,735.00)	(2,763.00)	(12,498.00)	110.00	-	-	(12,498.00)
2020	5/1/2020	(57,871.41)	(38,640.28)	(9,816.00)	(2,792.00)	(12,608.00)	110.00	-	-	(12,608.00)
2020	6/1/2020	(58,928.25)	(39,023.86)	(9,897.00)	(2,821.00)	(12,718.00)	110.00	-	-	(12,718.00)
2020	7/1/2020	(59,985.08)	(39,407.44)	(9,978.00)	(2,850.00)	(12,828.00)	110.00	-	-	(12,828.00)
2020	8/1/2020	(61,041.92)	(39,791.02)	(10,059.00)	(2,879.00)	(12,938.00)	110.00	-	-	(12,938.00)
2020	9/1/2020	(62,098.75)	(40,174.60)	(10,140.00)	(2,908.00)	(13,048.00)	110.00	-	-	(13,048.00)
2020	10/1/2020	(63,155.59)	(40,558.17)	(10,221.00)	(2,937.00)	(13,158.00)	110.00	-	-	(13,158.00)
2020	11/1/2020	(64,212.42)	(40,941.75)	(10,302.00)	(2,966.00)	(13,268.00)	110.00	-	-	(13,268.00)
2020	12/1/2020	(65,269.26)	(41,325.33)	(10,383.00)	(2,995.00)	(13,378.00)	110.00	-	-	(13,378.00)
2021	1/1/2021	(66,024.74)	(41,407.55)	(10,395.00)	(3,006.00)	(13,401.00)	1,233.00	-	-	(13,401.00)
2021	2/1/2021	(66,780.22)	(41,489.78)	(10,413.00)	(3,012.00)	(13,425.00)	1,147.00	-	-	(13,425.00)
2021	3/1/2021	(67,535.70)	(41,572.00)	(10,431.00)	(3,017.00)	(13,448.00)	1,060.00	-	-	(13,448.00)
2021	4/1/2021	(68,291.18)	(41,654.22)	(10,448.00)	(3,024.00)	(13,472.00)	974.00	-	-	(13,472.00)
2021	5/1/2021	(69,046.66)	(41,736.44)	(10,466.00)	(3,030.00)	(13,496.00)	888.00	-	-	(13,496.00)
2021	6/1/2021	(69,802.14)	(41,818.67)	(10,484.00)	(3,035.00)	(13,519.00)	801.00	-	-	(13,519.00)
2021	7/1/2021	(70,557.62)	(41,900.89)	(10,502.00)	(3,041.00)	(13,543.00)	715.00	-	-	(13,543.00)
2021	8/1/2021	(71,313.09)	(41,983.11)	(10,519.00)	(3,047.00)	(13,566.00)	628.00	-	-	(13,566.00)
2021	9/1/2021	(72,068.57)	(42,065.34)	(10,537.00)	(3,053.00)	(13,590.00)	542.00	-	-	(13,590.00)
2021	10/1/2021	(72,824.05)	(42,147.56)	(10,555.00)	(3,059.00)	(13,614.00)	456.00	-	-	(13,614.00)
2021	11/1/2021	(73,579.53)	(42,229.78)	(10,572.00)	(3,065.00)	(13,637.00)	369.00	-	-	(13,637.00)
2021	12/1/2021	(74,335.01)	(42,312.00)	(10,590.00)	(3,071.00)	(13,661.00)	283.00	-	-	(13,661.00)

Proration is NOT APPLICABLE for actuals

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Federal ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2017	(4,244)	(764)	(5,008)		365	365	(4,244)	(4,244)		86,959	(302)	(12,426)	(12,125)	(4,244)	-	-	(12,426)
1/1/2018	1/1/2018	1/31/2018	(4,508)	(860)	(5,368)	(264)	335	365	(242)	(4,486)	(221.99)	80,074	(905)	(13,217)	(12,312)	(5,677)	(1,191)	984	(14,201)
2/1/2018	2/1/2018	2/28/2018	(4,772)	(956)	(5,728)	(264)	307	365	(222)	(4,708)	(181.43)	84,087	(1,461)	(15,565)	(14,104)	(5,886)	(1,177)	411	(15,976)
3/1/2018	3/1/2018	3/31/2018	(5,036)	(1,052)	(6,088)	(264)	276	365	(200)	(4,908)	(138.70)	88,391	(2,045)	(17,955)	(15,910)	(6,096)	(1,188)	(205)	(17,751)
4/1/2018	4/1/2018	4/30/2018	(5,300)	(1,148)	(6,448)	(264)	246	365	(178)	(5,086)	(96.70)	88,884	(2,659)	(19,800)	(17,142)	(6,239)	(1,153)	(275)	(19,525)
5/1/2018	5/1/2018	5/31/2018	(5,564)	(1,244)	(6,808)	(264)	215	365	(156)	(5,241)	(53.97)	90,636	(3,276)	(21,825)	(18,550)	(6,403)	(1,162)	(525)	(21,300)
6/1/2018	6/1/2018	6/30/2018	(5,828)	(1,340)	(7,168)	(264)	185	365	(134)	(5,375)	(11.96)	91,035	(3,905)	(23,657)	(19,752)	(6,543)	(1,168)	(582)	(23,075)
7/1/2018	7/1/2018	7/31/2018	(6,092)	(1,436)	(7,528)	(264)	154	365	(111)	(5,487)	30.77	94,092	(4,537)	(25,869)	(21,332)	(6,727)	(1,240)	(1,019)	(24,849)
8/1/2018	8/1/2018	8/31/2018	(6,356)	(1,532)	(7,888)	(264)	123	365	(89)	(5,576)	73.50	92,431	(5,190)	(27,406)	(22,216)	(6,830)	(1,254)	(782)	(26,624)
9/1/2018	9/1/2018	9/30/2018	(6,620)	(1,628)	(8,248)	(264)	93	365	(67)	(5,643)	115.50	95,555	(5,831)	(29,627)	(23,796)	(7,014)	(1,371)	(1,228)	(28,399)
10/1/2018	10/1/2018	10/31/2018	(6,884)	(1,724)	(8,608)	(264)	62	365	(45)	(5,688)	158.23	95,760	(6,495)	(31,431)	(24,936)	(7,146)	(1,459)	(1,258)	(30,173)
11/1/2018	11/1/2018	11/30/2018	(7,148)	(1,820)	(8,968)	(264)	32	365	(23)	(5,711)	200.24	96,001	(7,160)	(33,240)	(26,081)	(7,279)	(1,569)	(1,292)	(31,948)
12/1/2018	12/1/2018	12/31/2018	(7,409)	(1,917)	(9,326)	(261)	1	365	(1)	(5,712)	242.75	96,033	(7,826)	(35,019)	(27,194)	(7,409)	(1,697)	(1,297)	(33,723)
	13 Mo-Ave		(5,827.77)	(1,340)	(7,168)			Total Prorated Balance	(5,712)	(5,712)	116				13 mo-Ave	(6,422)	(1,202)		
	Proration Adj				116											27.245%			
							Proration Adjustment		116										
	Prorated Balance				(7,052)														
	True-up Adj				(1,202)														
	Inclusion in Rate Base				(8,254)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Federal ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2018	(7,409)	(1,917)	(9,326)		365	365	(7,409)	(7,409)		96,033	(7,826)	(35,019)	(27,194)	(7,409)	-	-	(35,019)
1/1/2019	1/1/2019	1/31/2019	(7,576)	(1,978)	(9,554)	(167)	335	365	(153)	(7,562)	(140.43)	96,050	(8,493)	(36,474)	(27,982)	(8,934)	(1,372)	(2)	(36,472)
2/1/2019	2/1/2019	2/28/2019	(7,743)	(2,039)	(9,782)	(167)	307	365	(140)	(7,703)	(114.77)	96,229	(9,159)	(37,953)	(28,793)	(8,979)	(1,276)	(28)	(37,925)
3/1/2019	3/1/2019	3/31/2019	(7,910)	(2,100)	(10,010)	(167)	276	365	(126)	(7,829)	(87.74)	96,276	(9,827)	(39,412)	(29,585)	(9,022)	(1,193)	(35)	(39,377)
4/1/2019	4/1/2019	4/30/2019	(8,077)	(2,161)	(10,238)	(167)	246	365	(113)	(7,942)	(61.17)	96,362	(10,496)	(40,877)	(30,381)	(9,065)	(1,124)	(47)	(40,830)
5/1/2019	5/1/2019	5/31/2019	(8,244)	(2,222)	(10,466)	(167)	215	365	(98)	(8,040)	(34.14)	96,536	(11,165)	(42,354)	(31,190)	(9,109)	(1,069)	(72)	(42,283)
6/1/2019	6/1/2019	6/30/2019	(8,411)	(2,283)	(10,694)	(167)	185	365	(85)	(8,125)	(7.57)	96,536	(11,835)	(43,807)	(31,972)	(9,152)	(1,027)	(72)	(43,735)
7/1/2019	7/1/2019	7/31/2019	(8,578)	(2,344)	(10,922)	(167)	154	365	(70)	(8,195)	19.46	96,536	(12,505)	(45,260)	(32,755)	(9,195)	(1,000)	(72)	(45,188)
8/1/2019	8/1/2019	8/31/2019	(8,745)	(2,405)	(11,150)	(167)	123	365	(56)	(8,251)	46.49	96,586	(13,175)	(46,719)	(33,545)	(9,238)	(986)	(79)	(46,640)
9/1/2019	9/1/2019	9/30/2019	(8,912)	(2,466)	(11,378)	(167)	93	365	(43)	(8,294)	73.06	96,971	(13,845)	(48,227)	(34,382)	(9,283)	(990)	(134)	(48,093)
10/1/2019	10/1/2019	10/31/2019	(9,079)	(2,527)	(11,606)	(167)	62	365	(28)	(8,322)	100.09	96,974	(14,518)	(49,680)	(35,161)	(9,326)	(1,004)	(134)	(49,546)
11/1/2019	11/1/2019	11/30/2019	(9,246)	(2,588)	(11,834)	(167)	32	365	(15)	(8,337)	126.67	96,978	(15,192)	(51,133)	(35,942)	(9,368)	(1,032)	(135)	(50,998)
12/1/2019	12/1/2019	12/31/2019	(9,411)	(2,647)	(12,058)	(165)	1	365	(0)	(8,337)	153.55	96,988	(15,865)	(52,587)	(36,722)	(9,411)	(1,074)	(136)	(52,451)
	13 Mo-Ave		(8,410.85)	(2,283)	(10,694)			Total Prorated Balance	(8,337)	(8,337)	74				13 mo-Ave	(9,038)	(1,011)		
	Proration Adj				74											25.627%			
							Proration Adjustment		74										
	Prorated Balance				(10,620)														
	True-up Adj				(1,011)														
	Inclusion in Rate Base				(11,631)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Fed ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2019	(9,411)	(2,647)	(12,058)		365	365	(9,411)	(9,411)		96,988	(15,865)	(52,587)	(36,722)	(9,411)	-	-	(52,587)
1/1/2020	1/1/2020	1/31/2020	(9,492)	(2,676)	(12,168)	(81)	335	365	(74)	(9,485)	(68.11)	96,988	(16,538)	(53,644)	(37,106)	(9,492)	(7)	-	(53,644)
2/1/2020	2/1/2020	2/29/2020	(9,573)	(2,705)	(12,278)	(81)	306	365	(68)	(9,553)	(55.45)	96,988	(17,211)	(54,701)	(37,490)	(9,573)	(20)	-	(54,701)
3/1/2020	3/1/2020	3/31/2020	(9,654)	(2,734)	(12,388)	(81)	275	365	(61)	(9,614)	(42.34)	96,988	(17,885)	(55,758)	(37,873)	(9,654)	(40)	-	(55,758)
4/1/2020	4/1/2020	4/30/2020	(9,735)	(2,763)	(12,498)	(81)	245	365	(54)	(9,669)	(29.45)	96,988	(18,558)	(56,815)	(38,257)	(9,735)	(66)	-	(56,815)
5/1/2020	5/1/2020	5/31/2020	(9,816)	(2,792)	(12,608)	(81)	214	365	(47)	(9,716)	(16.34)	96,988	(19,231)	(57,871)	(38,640)	(9,816)	(100)	-	(57,871)
6/1/2020	6/1/2020	6/30/2020	(9,897)	(2,821)	(12,718)	(81)	184	365	(41)	(9,757)	(3.45)	96,988	(19,904)	(58,928)	(39,024)	(9,897)	(140)	-	(58,928)
7/1/2020	7/1/2020	7/31/2020	(9,978)	(2,850)	(12,828)	(81)	153	365	(34)	(9,791)	9.66	96,988	(20,578)	(59,985)	(39,407)	(9,978)	(187)	-	(59,985)
8/1/2020	8/1/2020	8/31/2020	(10,059)	(2,879)	(12,938)	(81)	122	365	(27)	(9,818)	22.77	96,988	(21,251)	(61,042)	(39,791)	(10,059)	(241)	-	(61,042)
9/1/2020	9/1/2020	9/30/2020	(10,140)	(2,908)	(13,048)	(81)	92	365	(20)	(9,838)	35.66	96,988	(21,924)	(62,099)	(40,175)	(10,140)	(302)	-	(62,099)
10/1/2020	10/1/2020	10/31/2020	(10,221)	(2,937)	(13,158)	(81)	61	365	(14)	(9,852)	48.77	96,988	(22,597)	(63,156)	(40,558)	(10,221)	(369)	-	(63,156)
11/1/2020	11/1/2020	11/30/2020	(10,302)	(2,966)	(13,268)	(81)	31	365	(7)	(9,859)	61.66	96,988	(23,271)	(64,212)	(40,942)	(10,302)	(443)	-	(64,212)
12/1/2020	12/1/2020	12/31/2020	(10,383)	(2,995)	(13,378)	(81)	0	365	-	(9,859)	74.77	96,988	(23,944)	(65,269)	(41,325)	(10,383)	(524)	-	(65,269)
	13 Mo-Ave		(9,897.00)	(2,821)	(12,718)			Total Prorated Balance	(9,859)	(9,859)	38				13 mo-Ave	(9,897)	(188)		
	Proration Adj				38											25.125%			
							Proration Adjustment		38										
Prorated Balance					(12,680)														
True-up Adj					(188)														
Inclusion in Rate Base					(12,867)														

			Forecasted Month End Federal ADIT	Forecasted Month End State ADIT	Forecasted Month End Balance	Forecasted Federal ADIT Change	Days to Prorate	Days in Calendar Year	Prorated Federal ADIT Activity	Prorated Federal ADIT Balance	ADIT Proration Adjustment	PIS	Acc Dep	Tax Dep	M1	Fed ADIT Balance	Balance Difference	Tax Depr CV	Tax Depr PV
		12/31/2020	(10,383)	(2,995)	(13,378)		365	365	(10,383)	(10,383)		96,988	(23,944)	(65,269)	(41,325)	(10,383)	-	-	(65,269)
1/1/2021	1/1/2021	1/31/2021	(10,395)	(3,006)	(13,401)	(12)	335	365	(11)	(10,394)	(10.09)	96,988	(24,617)	(66,025)	(41,408)	(10,395)	(1)	-	(66,025)
2/1/2021	2/1/2021	2/28/2021	(10,413)	(3,012)	(13,425)	(18)	307	365	(15)	(10,409)	(12.83)	96,988	(25,290)	(66,780)	(41,490)	(10,413)	(4)	-	(66,780)
3/1/2021	3/1/2021	3/31/2021	(10,431)	(3,017)	(13,448)	(18)	276	365	(14)	(10,423)	(9.92)	96,988	(25,964)	(67,536)	(41,572)	(10,431)	(8)	-	(67,536)
4/1/2021	4/1/2021	4/30/2021	(10,448)	(3,024)	(13,472)	(17)	246	365	(11)	(10,434)	(6.46)	96,988	(26,637)	(68,291)	(41,654)	(10,448)	(14)	-	(68,291)
5/1/2021	5/1/2021	5/31/2021	(10,466)	(3,030)	(13,496)	(18)	215	365	(11)	(10,445)	(4.22)	96,988	(27,310)	(69,047)	(41,736)	(10,466)	(21)	-	(69,047)
6/1/2021	6/1/2021	6/30/2021	(10,484)	(3,035)	(13,519)	(18)	185	365	(9)	(10,454)	(1.35)	96,988	(27,983)	(69,802)	(41,819)	(10,484)	(30)	-	(69,802)
7/1/2021	7/1/2021	7/31/2021	(10,502)	(3,041)	(13,543)	(18)	154	365	(8)	(10,462)	1.56	96,988	(28,657)	(70,558)	(41,901)	(10,502)	(40)	-	(70,558)
8/1/2021	8/1/2021	8/31/2021	(10,519)	(3,047)	(13,566)	(17)	123	365	(6)	(10,467)	4.73	96,988	(29,330)	(71,313)	(41,983)	(10,519)	(52)	-	(71,313)
9/1/2021	9/1/2021	9/30/2021	(10,537)	(3,053)	(13,590)	(18)	93	365	(5)	(10,472)	7.26	96,988	(30,003)	(72,069)	(42,065)	(10,537)	(65)	-	(72,069)
10/1/2021	10/1/2021	10/31/2021	(10,555)	(3,059)	(13,614)	(18)	62	365	(3)	(10,475)	10.17	96,988	(30,676)	(72,824)	(42,148)	(10,555)	(80)	-	(72,824)
11/1/2021	11/1/2021	11/30/2021	(10,572)	(3,065)	(13,637)	(17)	32	365	(1)	(10,476)	13.05	96,988	(31,350)	(73,580)	(42,230)	(10,572)	(96)	-	(73,580)
12/1/2021	12/1/2021	12/31/2021	(10,590)	(3,071)	(13,661)	(18)	1	365	(0)	(10,476)	15.87	96,988	(32,023)	(74,335)	(42,312)	(10,590)	(114)	-	(74,335)
	13 Mo-Ave		(10,484.23)	(3,035)	(13,519)			Total Prorated Balance	(10,476)	(10,476)	8				13 mo-Ave	(10,484)	(40)		
	Proration Adj				8											25.028%			
							Proration Adjustment		8	(10,443.87)									
Prorated Balance					(13,511)														
True-up Adj					(40)														
Inclusion in Rate Base					(13,552)														

Exhibit C

2019 NGEP Rider True-Up Calculation and Tracker

Minnesota Energy Resources Corporation
Docket No. G011/M-20-___
Exhibit C
2019 NGEP True Up Calculation

NGEP Rider 2019 True-up
Revenue Requirement on NGEP

Line	Description	Reference	2018 Rate Case	2019 Forecast	Forecasted NGEP 2019	2018 Rate Case	2019 Actual	Actual NGEP 2019
1	Depreciation Expense		$ 109,441	$ 371,221	$ 261,780	$ 109,441	$ 282,365	$ 172,924
2	2018 True Up Depreciation Expense Adjustment						$ 4,468	$ 4,468
3	Property Tax Expense		$ 14,000	$ 345,000	$ 331,000	$ 14,000	$ 195,262	$ 181,262
4	2018 True Up Property Tax Expense Adjustment						$ 56,574	$ 56,574
5	Incremental O&M Expense		$ -	$ -	$ -	$ -	$ 40,632	$ 40,632
6	Rate Base	Note (1)	$ 11,382,768	$ 20,913,764	$ 9,530,996	$ 11,382,768	$ 18,428,862	$ 7,046,094
7	ADIT Proration Adjustment		$ -	$ -	$ -	$ -	$ -	$ -
8	Adjusted Rate Base	Note (1)	$ 11,382,768	$ 20,913,764	$ 9,530,996	$ 11,382,768	$ 18,428,862	$ 7,046,094
9	Rate of Return	Note (2)			6.8842%	6.8842%	6.6971%	6.6971%
10	Earnings on Rate Base	Line 8 x Line 9			$ 656,133	$ 783,613	$ 1,234,199	$ 471,884
11	Gross Revenue Conversion Factor	Note (3)			1.402	1.402	1.402	1.402
12	Return on Rate Base	Line 10 x Line 11			$ 919,898	$ 1,098,625	$ 1,730,347	$ 661,581
13								
14	**Total Revenue Requirement**	**Sum(Line 1 through Line 6) + Line 13**			**$ 1,512,679**			**$ 1,117,442**
15								
16	Offsetting Project Revenue	Note (4)			$ 297,561			$ -
17								
18	**Project Revenue Deficiency**	**Line 14 less line 16**			**$ 1,215,118**			**$ 1,117,442**
19								
20	**33 percent of project revenue deficiency**				**$ 400,989**			**$ 368,756**
21								
22	2019 Rider Revenue Collected							$ 141,520
23								
24	**** Total Adjustment: Over/(Under) Collection - to be collected within the 2021 NGEP Rider**							**$ (227,236)**

Notes

1. 13-Month Average Net Plant value
2. Commission Authorized 2018 Rate Case
3. 2018 Rate Case Adjusted for Tax Reform
4. Represents incremental customers and sales growth related specifically to the Rochester project at approved rates from the 2018 rate case

Assumptions

1. Assumes no AFUDC, but a return on CWIP in Rate Base
2. Does not assume any Destination Medical Center CIAC
3. Removes contingency per Commission Order Approving NGEP Rider Surcharge with Modifications

NGEP Rider 2019 True-up
Total Mains, Stations, SCADA
Revenue Requirement

									Return on Revenue				Return of Depreciation			Property Tax			O&M					
	Month	Construction Expenditures	CWIP Balance	Plant In Service Balance, net	Accumulated Depreciation, net	Accumulated Deferred Tax	Rate Base	DFIT Proration Adjust (N/A for Actuals)	2019 True-up Adjusted Rate Base	2018 Rate Case Adjusted Rate Base	2018 Rate Case Return On Revenue	Return on Revenue: Attributable NGEP Rider	2019 True-up Return of Depreciation	2018 Rate Case Return of Depreciation	Return of Depreciation: Attributable NGEP Rider	2019 True-up Property Tax	2018 Rate Case Property Tax	Property Tax: Attributable to NGEP Rider	2019 True-up O&M	YTD Revenue Accrued	Offsetting Revenues	33% Recovery Revenue Req Accrued	YTD Revenue Billed	Tracker Balance
2017	**Dec-17**	**885,551**	**3,289,954**	**2,378,421**	**(3,204)**	**(39,304)**	**5,625,867**	**-**	**5,625,867**	**5,841,142**	**44,799**					**-**			**-**				**-**	**-**
2018	Jan-18	(133,270)	3,293,362	2,241,742	(12,325)	(41,010)	5,481,770	-	5,481,770	6,031,152	46,981		9,120	4,672	4,448	5,881	1,167	4,714	-	9,162		3,023	-	3,023
2018	Feb-18	159,187	3,372,894	2,321,397	(20,915)	(43,031)	5,630,346	-	5,630,346	6,266,966	48,509		8,590	4,751	3,839	5,881	1,167	4,714	-	17,715		5,846	-	5,846
2018	Mar-18	176,936	3,464,661	2,406,566	(29,814)	(45,144)	5,796,269	-	5,796,269	6,530,673	50,405		8,899	4,949	3,950	5,881	1,167	4,714	-	26,380		8,705	-	8,705
2018	Apr-18	8,698	3,463,289	2,416,636	(39,043)	(47,028)	5,793,854	-	5,793,854	8,510,527	52,526		9,229	5,186	4,044	5,881	1,167	4,714	-	35,138		11,595	-	11,595
2018	May-18	303,234	3,694,754	2,488,404	(11,308)	(59,821)	6,112,029	-	6,112,029	10,076,101	68,451		9,268	5,423	3,846	5,881	1,167	4,714	-	43,698		14,420	-	14,420
2018	Jun-18	129,367	3,816,204	2,496,321	(20,849)	(61,703)	6,229,974	-	6,229,974	11,662,183	81,042		9,541	5,778	3,763	5,881	1,167	4,714	-	52,175		17,218	-	17,218
2018	Jul-18	1,389,699	5,145,207	2,557,017	(30,421)	(63,970)	7,607,834	-	7,607,834	13,312,315	93,799		9,572	6,331	3,241	5,881	1,167	4,714	-	60,129		19,843	-	19,843
2018	Aug-18	4,249,032	9,426,012	2,525,245	(39,020)	(65,882)	11,846,355	-	11,846,355	14,949,805	107,071		9,807	6,963	2,844	5,881	1,167	4,714	-	67,688		22,337	-	22,337
2018	Sep-18	858,934	10,222,942	2,587,249	(48,703)	(68,282)	12,693,206	-	12,693,206	16,586,392	120,242		9,684	7,595	2,089	5,881	1,167	4,714	-	74,491		24,582	-	24,582
2018	Oct-18	1,960,090	12,128,351	2,641,929	(8,028)	(85,105)	14,677,147	-	14,677,147	16,792,596	133,405		9,924	8,227	1,698	5,881	1,167	4,714	-	80,903		26,698	-	26,698
2018	Nov-18	37,608	12,161,171	2,646,717	(18,156)	(86,974)	14,702,758	-	14,702,758	16,116,604	135,064		10,128	19,322	(9,194)	5,881	1,167	4,714	-	76,423		25,220	-	25,220
2018	**Dec-18**	**364,201**	**4,506,133**	**10,665,956**	**(24,278)**	**(176,145)**	**14,971,666**	**-**	**14,971,666**	**15,299,536**	**129,626**		**10,147**	**30,244**	(20,097)	**5,883**	**1,167**	**4,716**	**-**	**61,042**		**20,144**	**-**	**20,144**
2019	Jan-19	170,003	4,671,034	10,671,057	(42,181)	(189,364)	15,110,547	-	15,110,547			70,164	21,930		17,258	16,272		15,105	3,386	166,955	-	55,095	-	55,095
2019	Feb-19	205,565	4,857,918	10,689,739	(64,119)	(201,462)	15,282,075	-	15,282,075			69,723	21,939		17,187	16,272		15,105	3,386	272,357	-	89,878	-	89,878
2019	Mar-19	259,399	5,112,551	10,694,505	(82,067)	(214,699)	15,510,290	-	15,510,290			90,967	21,975		17,026	16,272		15,105	3,386	398,841	-	131,617	-	131,617
2019	Apr-19	560,680	5,627,456	10,740,280	(100,559)	(227,936)	16,039,241	-	16,039,241			68,833	21,984		16,798	16,272		15,105	3,386	502,963	-	165,978	-	165,978
2019	May-19	164,100	5,788,015	10,743,821	(122,616)	(240,045)	16,169,175	-	16,169,175			57,048	22,057		16,634	16,272		15,105	3,386	595,136	-	196,395	-	196,395
2019	Jun-19	2,012,207	7,792,321	10,751,723	(125,884)	(257,569)	18,160,590	-	18,160,590			45,472	22,070		16,292	16,272		15,105	3,386	675,391	-	222,879	-	222,879
2019	Jul-19	1,495,673	9,285,723	10,753,994	(147,966)	(269,678)	19,622,072	-	19,622,072			48,297	22,082		15,751	16,272		15,105	3,386	757,930	-	250,117	-	250,117
2019	Aug-19	1,571,867	10,854,436	10,757,147	(170,051)	(281,797)	21,159,735	-	21,159,735			46,460	22,085		15,122	16,272		15,105	3,386	838,004	-	276,541	1,212	275,330
2019	Sep-19	390,502	11,509,085	10,493,001	(192,144)	(291,774)	21,518,168	-	21,518,168			45,321	22,092		14,498	16,272		15,105	3,386	916,314	-	302,384	25,835	276,549
2019	Oct-19	299,900	11,380,677	10,921,308	(213,857)	(307,581)	21,780,547	-	21,780,547			34,963	21,713		13,487	16,272		15,105	3,386	983,255	-	324,474	51,032	273,442
2019	Nov-19	231,208	3,937,674	18,595,520	(236,213)	(395,368)	21,901,613	-	21,901,613			35,357	22,356		3,034	16,272		15,105	3,386	1,040,137	-	343,245	93,021	250,224
2019	**Dec-19**	**507,363**	**3,939,004**	**19,101,552**	**(276,295)**	**(414,770)**	**22,349,491**	**-**	22,349,491			**41,741**	**40,082**		9,838	**16,272**		**15,105**	**3,386**	**1,110,208**	**-**	**366,369**	**141,520**	**224,849**

NGEP Rider 2019 True-up
Estimate of Plant Deferred Taxes

	2017 & prior	2018 & Fwd
Federal Tax Rate	0.35	0.21
MN Tax Rate	0.098	0.098
MN Apportionment Factor	0.989671	0.989671
MI Tax Rate	0.06	0.06
MI Apportionment Factor	0.000542	0.000542

Bk Depr Rate 1.8000%

Year		Book Basis	Tax Basis Activity	Book Reserve PV	Book Reserve	Vint 2017	Vint 2018	Vint 2019	Vint 2020	Vint 2021	Vint 2022	Vint 2023	Tax Reserve	Accum Sch M	ADIT Fed	ADIT State	Total ADIT	ADIT Expense	M1 CV	ADIT CV	ADIT PV
2016	12/1/2016	-	-		-								-	-	0	-	-	-			-
2017	12/1/2017	-	-	-	-	-							-	-	-	-	-	-	-	-	-
2018	1/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	2/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	3/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	4/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	5/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	6/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	7/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	8/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	9/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	10/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	11/1/2018	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-
2018	12/1/2018	8,014,581.18	8,014,581.18	-	-	-	(300,546.79)						(300,546.79)	(300,546.79)	(63,115.00)	(23,036.00)	(86,151.00)	86,151.00	-	-	(86,151.00)
2019	1/1/2019	8,019,349.60	4,768.42	(12,021.87)	(12,021.87)	-	(348,761.18)	(14.90)					(348,776.08)	(336,754.21)	(70,719.00)	(25,811.00)	(96,530.00)	10,379.00	-	-	(96,530.00)
2019	2/1/2019	8,034,486.13	15,136.53	(24,043.74)	(24,050.90)	-	(396,975.56)	(124.41)					(397,099.97)	(373,049.07)	(78,341.00)	(28,593.00)	(106,934.00)	10,404.00	7.15	3.00	(106,937.00)
2019	3/1/2019	8,038,312.17	3,826.04	(36,065.62)	(36,102.63)	-	(445,189.95)	(222.48)					(445,412.43)	(409,309.80)	(85,956.00)	(31,372.00)	(117,328.00)	10,394.00	37.01	15.00	(117,343.00)
2019	4/1/2019	8,082,372.66	44,060.49	(48,087.49)	(48,160.09)	-	(493,404.33)	(847.39)					(494,251.73)	(446,091.63)	(93,680.00)	(34,191.00)	(127,871.00)	10,543.00	72.61	30.00	(127,901.00)
2019	5/1/2019	8,082,455.93	83.27	(60,109.36)	(60,283.65)	-	(541,618.72)	(1,060.54)					(542,679.26)	(482,395.61)	(101,304.00)	(36,973.00)	(138,277.00)	10,406.00	174.29	72.00	(138,349.00)
2019	6/1/2019	8,090,356.97	7,901.04	(72,131.23)	(72,407.34)	-	(589,833.10)	(1,420.80)					(591,253.90)	(518,846.56)	(108,959.00)	(39,767.00)	(148,726.00)	10,449.00	276.11	114.00	(148,840.00)
2019	7/1/2019	8,092,628.50	2,271.53	(84,153.10)	(84,542.87)	-	(638,047.49)	(1,707.29)					(639,754.77)	(555,211.90)	(116,596.00)	(42,554.00)	(159,150.00)	10,424.00	389.77	161.00	(159,311.00)
2019	8/1/2019	8,094,789.51	2,161.01	(96,174.97)	(96,681.81)	-	(686,261.87)	(2,005.21)					(688,267.08)	(591,585.26)	(124,234.00)	(45,342.00)	(169,576.00)	10,426.00	506.84	209.00	(169,785.00)
2019	9/1/2019	7,823,006.31	(271,783.20)	(108,196.85)	(108,824.00)	-	(734,476.26)	5,388.04					(729,088.21)	(620,264.21)	(130,257.00)	(47,540.00)	(177,797.00)	8,221.00	627.15	259.00	(178,056.00)
2019	10/1/2019	8,251,265.85	428,259.54	(120,218.72)	(120,558.51)	-	(782,690.64)	(7,396.40)					(790,087.04)	(669,528.53)	(140,603.00)	(51,315.00)	(191,918.00)	14,121.00	339.79	140.00	(192,058.00)
2019	11/1/2019	12,989,357.36	4,738,091.51	(132,240.59)	(132,935.41)	-	(830,905.03)	(171,007.93)					(1,001,912.96)	(868,977.55)	(182,487.00)	(66,602.00)	(249,089.00)	57,171.00	694.82	287.00	(249,376.00)
2019	12/1/2019	13,003,167.89	13,810.53	(144,262.46)	(152,419.44)	-	(879,119.41)	(187,072.00)					(1,066,191.41)	(913,771.97)	(191,894.00)	(70,035.00)	(261,929.00)	12,840.00	8,156.98	3,369.00	(265,298.00)

NGEP Rider 2019 True-up
Estimate of Plant Deferred Taxes

	2017 & prior	2018 & Fwd
Federal Tax Rate	0.35	0.21
MN Tax Rate	0.098	0.098
MN Apportionment Factor	0.989671	0.989671
MI Tax Rate	0.06	0.06
MI Apportionment Factor	0.000542	0.000542

Bk Depr Rate 4.4600% 2018 - Prior
Bk Depr Rate 4.3400%

	Year	Book Basis	Tax Basis Activity	Book Reserve PV	Book Reserve	Vint 2017	Vint 2018	Vint 2019	Vint 2020	Vint 2021	Vint 2022	Vint 2023
2016	12/1/2016	-	-		-							
2017	12/1/2017	2,291,461.45	2,291,461.45	-	(2,902.52)	(85,929.80)						
2018	1/1/2018	2,161,668.66	(129,792.79)	(11,419.12)	(11,419.12)	(99,714.85)	405.60					
2018	2/1/2018	2,237,310.67	75,642.01	(19,935.72)	(19,453.32)	(113,499.90)	338.44					
2018	3/1/2018	2,318,175.50	80,864.83	(28,452.32)	(27,768.66)	(127,284.95)	(250.44)					
2018	4/1/2018	2,327,751.26	9,575.76	(36,968.91)	(36,384.54)	(141,070.01)	(453.62)					
2018	5/1/2018	2,397,768.64	70,017.38	(45,485.51)	(8,032.48)	(154,855.06)	(1,661.05)					
2018	6/1/2018	2,405,286.61	7,517.97	(54,002.11)	(16,944.19)	(168,640.11)	(2,134.22)					
2018	7/1/2018	2,462,924.98	57,638.37	(62,518.71)	(25,883.83)	(182,425.16)	(3,750.76)					
2018	8/1/2018	2,432,813.79	(30,111.19)	(71,035.31)	(33,829.96)	(196,210.21)	(3,533.81)					
2018	9/1/2018	2,491,694.10	58,880.31	(79,551.91)	(42,871.91)	(209,995.26)	(5,631.54)					
2018	10/1/2018	2,546,169.29	54,475.19	(88,068.50)	(1,533.50)	(223,780.31)	(7,959.62)					
2018	11/1/2018	2,550,715.79	4,546.50	(96,585.10)	(10,996.76)	(237,565.36)	(8,911.87)					
2018	12/1/2018	2,555,341.34	4,625.55	(105,101.70)	(16,451.92)	(251,350.41)	(9,895.50)					
2019	1/1/2019	2,555,657.60	316.26	(25,693.74)	(21,666.32)	(264,100.48)	(11,482.95)	(0.99)				
2019	2/1/2019	2,559,024.36	3,366.76	(34,935.56)	(30,909.28)	(276,850.55)	(13,070.41)	(23.02)				
2019	3/1/2019	2,559,916.51	892.15	(44,177.38)	(36,136.60)	(289,600.63)	(14,657.87)	(42.89)				
2019	4/1/2019	2,561,545.30	1,628.79	(53,419.19)	(41,903.53)	(302,350.70)	(16,245.33)	(77.55)				
2019	5/1/2019	2,564,829.05	3,283.75	(62,661.01)	(51,167.78)	(315,100.77)	(17,832.78)	(148.25)				
2019	6/1/2019	2,564,829.05	-	(71,902.83)	(41,642.43)	(327,850.85)	(19,420.24)	(177.89)				
2019	7/1/2019	2,564,829.05	-	(81,144.65)	(50,918.56)	(340,600.92)	(21,007.70)	(207.54)				
2019	8/1/2019	2,565,771.45	942.40	(90,386.47)	(60,194.70)	(353,350.99)	(22,595.16)	(260.75)				
2019	9/1/2019	2,573,023.19	7,251.74	(99,628.28)	(69,474.24)	(366,101.07)	(24,182.61)	(497.30)				
2019	10/1/2019	2,573,068.71	45.52	(108,870.10)	(78,780.00)	(378,851.14)	(25,770.07)	(553.98)				
2019	11/1/2019	5,509,183.82	2,936,115.11	(118,111.92)	(88,085.94)	(391,601.21)	(27,357.53)	(101,538.34)				
2019	12/1/2019	6,001,396.47	492,212.65	(127,353.74)	(108,010.82)	(404,351.29)	(28,944.99)	(129,227.07)				

	Year	Tax Reserve	Accum Sch M	ADIT Fed	ADIT State	Total ADIT	ADIT Expense	M1 CV	ADIT CV	ADIT PV
2016	12/1/2016	-	-	0	-	-	-			-
2017	12/1/2017	(85,929.80)	(83,027.28)	(29,060.00)	(5,236.00)	(34,296.00)	34,296.00	(83,027.28)	(34,296.00)	-
2018	1/1/2018	(99,309.25)	(87,890.13)	(30,081.00)	(5,609.00)	(35,690.00)	1,394.00	(99,714.85)	(41,189.00)	5,499.00
2018	2/1/2018	(113,161.46)	(93,708.14)	(31,303.00)	(6,055.00)	(37,358.00)	1,668.00	(113,982.30)	(47,082.00)	9,724.00
2018	3/1/2018	(127,535.40)	(99,766.74)	(32,575.00)	(6,520.00)	(39,095.00)	1,737.00	(127,968.61)	(52,859.00)	13,764.00
2018	4/1/2018	(141,523.63)	(105,139.08)	(33,703.00)	(6,932.00)	(40,635.00)	1,540.00	(141,654.37)	(58,512.00)	17,877.00
2018	5/1/2018	(156,516.11)	(148,483.63)	(42,805.00)	(10,255.00)	(53,060.00)	12,425.00	(192,308.09)	(79,435.00)	26,375.00
2018	6/1/2018	(170,774.33)	(153,830.14)	(43,928.00)	(10,665.00)	(54,593.00)	1,533.00	(205,698.03)	(84,966.00)	30,373.00
2018	7/1/2018	(186,175.92)	(160,292.09)	(45,285.00)	(11,160.00)	(56,445.00)	1,852.00	(219,060.03)	(90,486.00)	34,041.00
2018	8/1/2018	(199,744.01)	(165,914.06)	(46,466.00)	(11,591.00)	(58,057.00)	1,612.00	(233,415.56)	(96,415.00)	38,358.00
2018	9/1/2018	(215,626.80)	(172,754.89)	(47,903.00)	(12,115.00)	(60,018.00)	1,961.00	(246,675.25)	(101,892.00)	41,874.00
2018	10/1/2018	(231,739.93)	(230,206.43)	(59,968.00)	(16,518.00)	(76,486.00)	16,468.00	(310,315.31)	(128,180.00)	51,694.00
2018	11/1/2018	(246,477.22)	(235,480.46)	(61,076.00)	(16,922.00)	(77,998.00)	1,512.00	(323,153.70)	(133,483.00)	55,485.00
2018	12/1/2018	(261,245.90)	(244,793.98)	(63,032.00)	(17,636.00)	(80,668.00)	2,670.00	(340,000.18)	(140,442.00)	59,774.00
2019	1/1/2019	(275,584.42)	(253,918.10)	(64,948.00)	(18,335.00)	(83,283.00)	2,615.00	(268,127.90)	(110,754.00)	27,471.00
2019	2/1/2019	(289,943.98)	(259,034.70)	(66,022.00)	(18,728.00)	(84,750.00)	1,467.00	(280,876.83)	(116,020.00)	31,270.00
2019	3/1/2019	(304,301.39)	(268,164.79)	(67,939.00)	(19,428.00)	(87,367.00)	2,617.00	(297,641.40)	(122,945.00)	35,578.00
2019	4/1/2019	(318,673.58)	(276,770.05)	(69,746.00)	(20,088.00)	(89,834.00)	2,467.00	(313,866.37)	(129,647.00)	39,813.00
2019	5/1/2019	(333,081.80)	(281,914.02)	(70,826.00)	(20,482.00)	(91,308.00)	1,474.00	(326,594.00)	(134,904.00)	43,596.00
2019	6/1/2019	(347,448.98)	(305,806.55)	(75,843.00)	(22,314.00)	(98,157.00)	6,849.00	(358,111.24)	(147,923.00)	49,766.00
2019	7/1/2019	(361,816.16)	(310,897.60)	(76,912.00)	(22,704.00)	(99,616.00)	1,459.00	(370,827.00)	(153,175.00)	53,559.00
2019	8/1/2019	(376,206.90)	(316,012.21)	(77,986.00)	(23,096.00)	(101,082.00)	1,466.00	(383,542.76)	(158,427.00)	57,345.00
2019	9/1/2019	(390,780.98)	(321,306.75)	(79,098.00)	(23,502.00)	(102,600.00)	1,518.00	(396,255.11)	(163,678.00)	61,078.00
2019	10/1/2019	(405,175.19)	(326,395.19)	(80,167.00)	(23,892.00)	(104,059.00)	1,459.00	(408,941.24)	(168,919.00)	64,860.00
2019	11/1/2019	(520,497.08)	(432,411.14)	(102,430.00)	(32,018.00)	(134,448.00)	30,389.00	(421,627.20)	(174,159.00)	39,711.00
2019	12/1/2019	(562,523.34)	(454,512.52)	(107,071.00)	(33,712.00)	(140,783.00)	6,335.00	(423,694.21)	(175,012.00)	34,229.00

NGEP Rider 2019 True-up
Estimate of Plant Deferred Taxes

Bk Depr Rate 8.3300%

	2017 & prior	2018 & Fwd
Federal Tax Rate	0.35	0.21
MN Tax Rate	0.098	0.098
MN Apportionment Factor	0.989671	0.989671
MI Tax Rate	0.06	0.06
MI Apportionment Factor	0.000542	0.000542

Year		Book Basis	Tax Basis Activity	Book Reserve PV	Book Reserve	Vint 2017	Vint 2018	Vint 2019	Vint 2020	Vint 2021	Vint 2022	Vint 2023
2016	12/1/2016	-	-		-							
2017	12/1/2017	86,959.22	86,959.22	-	(301.82)	(12,426.47)						
2018	1/1/2018	80,073.66	(6,885.56)	(905.46)	(905.46)	(14,201.17)	82.00					
2018	2/1/2018	84,086.50	4,012.84	(1,509.10)	(1,461.31)	(15,975.86)	68.42					
2018	3/1/2018	88,390.52	4,304.02	(2,112.75)	(2,045.01)	(17,750.55)	(51.13)					
2018	4/1/2018	88,884.41	493.89	(2,716.39)	(2,658.59)	(19,525.24)	(91.70)					
2018	5/1/2018	90,635.81	1,751.40	(3,320.03)	(3,275.59)	(21,299.94)	(218.91)					
2018	6/1/2018	91,034.63	398.82	(3,923.67)	(3,904.76)	(23,074.63)	(291.19)					
2018	7/1/2018	94,092.37	3,057.74	(4,527.31)	(4,536.69)	(24,849.32)	(594.61)					
2018	8/1/2018	92,430.88	(1,661.49)	(5,130.96)	(5,189.84)	(26,624.01)	(521.27)					
2018	9/1/2018	95,554.50	3,123.62	(5,734.60)	(5,831.47)	(28,398.71)	(921.20)					
2018	10/1/2018	95,760.12	205.62	(6,338.24)	(6,494.78)	(30,173.40)	(1,048.04)					
2018	11/1/2018	96,001.31	241.19	(6,941.88)	(7,159.51)	(31,948.09)	(1,184.44)					
2018	12/1/2018	96,033.16	31.85	(7,545.52)	(7,825.92)	(33,722.79)	(1,296.67)					
2019	1/1/2019	96,049.94	16.78	(8,492.55)	(8,492.55)	(34,990.22)	(1,481.85)	(0.20)				
2019	2/1/2019	96,228.55	178.61	(9,159.18)	(9,159.30)	(36,257.65)	(1,667.03)	(4.65)				
2019	3/1/2019	96,275.88	47.33	(9,825.81)	(9,827.28)	(37,525.08)	(1,852.22)	(8.67)				
2019	4/1/2019	96,362.29	86.41	(10,492.44)	(10,495.60)	(38,792.51)	(2,037.40)	(15.68)				
2019	5/1/2019	96,536.49	174.20	(11,159.07)	(11,164.51)	(40,059.94)	(2,222.59)	(29.97)				
2019	6/1/2019	96,536.49	-	(11,825.70)	(11,834.64)	(41,327.37)	(2,407.77)	(35.96)				
2019	7/1/2019	96,536.49	-	(12,492.33)	(12,504.76)	(42,594.80)	(2,592.95)	(41.96)				
2019	8/1/2019	96,586.48	49.99	(13,158.96)	(13,174.89)	(43,862.23)	(2,778.14)	(52.71)				
2019	9/1/2019	96,971.19	384.71	(13,825.59)	(13,845.36)	(45,129.66)	(2,963.32)	(100.53)				
2019	10/1/2019	96,973.61	2.42	(14,492.22)	(14,518.50)	(46,397.09)	(3,148.51)	(111.99)				
2019	11/1/2019	96,978.38	4.77	(15,158.85)	(15,191.66)	(47,664.52)	(3,333.69)	(123.82)				
2019	12/1/2019	96,987.76	9.38	(15,825.48)	(15,864.85)	(48,931.95)	(3,518.87)	(136.41)				

Year		Tax Reserve	Accum Sch M	ADIT Fed	ADIT State	Total ADIT	ADIT Expense	M1 CV	ADIT CV	ADIT PV
2016	12/1/2016	-	-	0	-	-	-			-
2017	12/1/2017	(12,426.47)	(12,124.65)	(4,244.00)	(764.00)	(5,008.00)	5,008.00	(12,124.65)	(5,008.00)	-
2018	1/1/2018	(14,119.17)	(13,213.71)	(4,473.00)	(847.00)	(5,320.00)	312.00	(14,201.17)	(5,866.00)	546.00
2018	2/1/2018	(15,907.44)	(14,446.13)	(4,732.00)	(941.00)	(5,673.00)	353.00	(16,023.66)	(6,619.00)	946.00
2018	3/1/2018	(17,801.68)	(15,756.68)	(5,007.00)	(1,042.00)	(6,049.00)	376.00	(17,818.29)	(7,360.00)	1,311.00
2018	4/1/2018	(19,616.95)	(16,958.36)	(5,259.00)	(1,134.00)	(6,393.00)	344.00	(19,583.05)	(8,089.00)	1,696.00
2018	5/1/2018	(21,518.85)	(18,243.26)	(5,529.00)	(1,232.00)	(6,761.00)	368.00	(21,344.38)	(8,817.00)	2,056.00
2018	6/1/2018	(23,365.82)	(19,461.06)	(5,785.00)	(1,325.00)	(7,110.00)	349.00	(23,093.55)	(9,539.00)	2,429.00
2018	7/1/2018	(25,443.93)	(20,907.24)	(6,089.00)	(1,436.00)	(7,525.00)	415.00	(24,839.95)	(10,260.00)	2,735.00
2018	8/1/2018	(27,145.28)	(21,955.44)	(6,309.00)	(1,516.00)	(7,825.00)	300.00	(26,565.13)	(10,973.00)	3,148.00
2018	9/1/2018	(29,319.91)	(23,488.44)	(6,631.00)	(1,633.00)	(8,264.00)	439.00	(28,301.84)	(11,690.00)	3,426.00
2018	10/1/2018	(31,221.44)	(24,726.66)	(6,891.00)	(1,728.00)	(8,619.00)	355.00	(30,016.86)	(12,399.00)	3,780.00
2018	11/1/2018	(33,132.53)	(25,973.02)	(7,153.00)	(1,823.00)	(8,976.00)	357.00	(31,730.46)	(13,107.00)	4,131.00
2018	12/1/2018	(35,019.45)	(27,193.53)	(7,409.00)	(1,917.00)	(9,326.00)	350.00	(33,442.39)	(13,814.00)	4,488.00
2019	1/1/2019	(36,472.27)	(27,979.72)	(7,574.00)	(1,977.00)	(9,551.00)	225.00	(34,990.22)	(14,453.00)	4,902.00
2019	2/1/2019	(37,929.33)	(28,770.04)	(7,740.00)	(2,038.00)	(9,778.00)	227.00	(36,257.53)	(14,977.00)	5,199.00
2019	3/1/2019	(39,385.97)	(29,558.68)	(7,906.00)	(2,098.00)	(10,004.00)	226.00	(37,523.60)	(15,500.00)	5,496.00
2019	4/1/2019	(40,845.59)	(30,349.99)	(8,072.00)	(2,159.00)	(10,231.00)	227.00	(38,789.35)	(16,022.00)	5,791.00
2019	5/1/2019	(42,312.49)	(31,147.98)	(8,240.00)	(2,220.00)	(10,460.00)	229.00	(40,054.50)	(16,545.00)	6,085.00
2019	6/1/2019	(43,771.10)	(31,936.46)	(8,406.00)	(2,280.00)	(10,686.00)	226.00	(41,318.43)	(17,067.00)	6,381.00
2019	7/1/2019	(45,229.71)	(32,724.95)	(8,572.00)	(2,340.00)	(10,912.00)	226.00	(42,582.37)	(17,589.00)	6,677.00
2019	8/1/2019	(46,693.08)	(33,518.20)	(8,739.00)	(2,400.00)	(11,139.00)	227.00	(43,846.31)	(18,111.00)	6,972.00
2019	9/1/2019	(48,193.52)	(34,348.16)	(8,913.00)	(2,464.00)	(11,377.00)	238.00	(45,109.90)	(18,633.00)	7,256.00
2019	10/1/2019	(49,657.59)	(35,139.09)	(9,079.00)	(2,525.00)	(11,604.00)	227.00	(46,370.82)	(19,154.00)	7,550.00
2019	11/1/2019	(51,122.03)	(35,930.37)	(9,245.00)	(2,586.00)	(11,831.00)	227.00	(47,631.72)	(19,675.00)	7,844.00
2019	12/1/2019	(52,587.24)	(36,722.39)	(9,411.00)	(2,647.00)	(12,058.00)	227.00	(48,892.59)	(20,196.00)	8,138.00

MERC
NGEP Tracker
2019

Month	Billed Revenue: Residential	Billed Revenue: Commercial/Industrial (Firm and Interruptible)	Billed Revenue: Transportation	Billed Revenue: Total	Revenue Requirement **	Cumulative Tracker Balance
Jan-18	-	-	-	-	3,023	3,023
Feb-18	-	-	-	-	2,822	5,846
Mar-18	-	-	-	-	2,859	8,705
Apr-18	-	-	-	-	2,890	11,595
May-18	-	-	-	-	2,825	14,420
Jun-18	-	-	-	-	2,797	17,218
Jul-18	-	-	-	-	2,625	19,843
Aug-18	-	-	-	-	2,494	22,337
Sep-18	-	-	-	-	2,245	24,582
Oct-18	-	-	-	-	2,116	26,698
Nov-18	-	-	-	-	(1,478)	25,220
Dec-18	-	-	-	-	(5,076)	20,144
Jan-19	-	-	-	-	34,951	55,095
Feb-19	-	-	-	-	34,782	89,878
Mar-19	-	-	-	-	41,740	131,617
Apr-19	-	-	-	-	34,360	165,978
May-19	-	-	-	-	30,417	196,395
Jun-19	-	-	-	-	26,484	222,879
Jul-19	-	-	-	-	27,238	250,117
Aug-19	422	782	8	1,212	26,424	275,330
Sep-19	1,710	2,038	20,875	24,623	25,842	276,549
Oct-19	2,888	3,043	19,266	25,197	22,090	273,442
Nov-19	9,893	9,142	22,954	41,989	18,771	250,224
Dec-19	13,411	11,649	23,439	48,499	23,123	224,849
TOTALS	**28,324**	**26,654**	**86,542**	**141,520**	**366,369**	

** Note - Represents a depiction of the monthly calculation of Revenue Requirements, based upon current Rate of Return and Gross Conversion factor applied against the previous month's ending Rate Base balance, and taking into account any applicable Offsetting Revenues and 33% allowed revenue deficiency. This monthly calculation is performed in order to compute a Tracker Balance each month. This monthly calculation of Revenue Requirement will not tie to the computation of Revenue Requirements based upon a 13-month average.

In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of Natural Gas Extension Project (NGEP) Rider True-Up for 2019, Rider Revenue Deficiency for 2021, and Revised Surcharge Factors

Docket No. G011/M-20-___

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 13th day of April, 2020, on behalf of Minnesota Energy Resources Corporation (MERC) I electronically filed a true and correct copy of the enclosed Petition 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 13th day of April, 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	GEN_SL_Minnesota Energy Resources Corporation_General Service List
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	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Daryll	Fuentes	dfuentes@usg.com	USG Corporation	550 W Adams St Chicago, IL 60661	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Catherine	Phillips	catherine.phillips@we-energies.com	We Energies	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
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	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Colleen	Sipiorski	Colleen.Sipiorski@wecenergygroup.com	Minnesota Energy Resources Corporation	700 North Adams St Green Bay, WI 54307	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	GEN_SL_Minnesota Energy Resources Corporation_General Service List