



NOTICE OF COMMENT PERIOD ON COMPLETENESS AND PROCEDURES

Issued: October 17, 2017

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota

PUC Docket Number: G-011/GR-17-563

Comment Period on Completeness and Procedures:

Initial comment period closes October 23, 2017 at 4:30 pm

Reply comment period closes October 30, 2017 at 4:30 pm

Comments must be received by 4:30 pm on the close date

Comments received after comment period closes may not be considered

Topics Open for Comment:

- Whether Minnesota Energy Resources Corporation's application complies with the filing requirements of Minn. Stat. § 216B.16, Minn. Rules, Parts 7825.3100 to 7825.4400, and relevant Commission Orders, and
- Whether this matter should be referred to the Office of Administrative Hearings for a contested case hearing and, if so, what should the scope of the hearing be.

Project Background: On October 13, 2017, Minnesota Energy Resources Corporation (MERC) submitted its request, pursuant to Minn. Stat. § 216B.16, subd. 1, to increase rates for natural gas service in Minnesota. In its application, MERC requests, effective January 1, 2018, authority for an increase in final rates of approximately \$12.64 million or 5.05 percent, per year over the 2018 Test Year's present revenues.

If the Commission suspends the proposed increase in final rates under Minn. Stat. § 216B.16, subd. 2, MERC requests, pursuant to Minn. Stat. § 216B.16, subd. 3, that an interim rate increase of approximately \$9.47 million or 3.78 percent per year be effective January 1, 2018.^{1, 2}

Pursuant to Minn. Stat. § 216B.16, subd. 3, the Commission sets interim rates on an “ex parte” basis.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission’s electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *eFiling*, and follow the prompts.

Full Case Record: See all documents filed in this docket via the Commission’s website - mn.gov/puc, select *eDockets*, enter the year (17) and the docket number (563), select *Search*.

Subscribe to the Docket: Receive email notification when new documents are filed in this docket at mn.gov/puc, select *Subscribe*, and follow the prompts.

Questions about this docket or Commission process and procedure? Contact Commission staff: Clark Kaml at Clark.Kaml@State.mn.us or 651-201-2246, or Sundra Bender at Sundra.Bender@State.mn.us or 651-201-2247 .

Change your mailing preferences: Email docketing.puc@state.mn.us or call 651-201-2204

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¹ The proposed \$9.47 million per interim rate increase is equivalent to approximately 8.81 percent per year increase over present non-gas base revenue (i.e. revenue excluding the new base cost of gas).

² MERC asserts that it will incur an interim revenue deficiency of approximately \$9.65 million or 3.86 percent per year. However, MERC proposes to collect less (i.e. the difference between \$9.65 million and \$9.47 million, or \$0.18 million) than the full amount of the interim rate revenue deficiency from its Super Large Volume (SLV) customers, as well as MERC’s flexible (FLEX) rate customers. MERC proposes to recover some of the interim rates increase attributed to its SLV and FLEX rate customers in the MERC system rather than forgo the entire amount. In particular, MERC proposes to increase the customer charge and the daily firm capacity charge for these customers by the same 8.99 percent requested as the interim rate increase request for MERC. While MERC proposes to collect less than the full amount of the interim rate increase from its SLV and FLEX rate customers, it does not seek to recover the difference from its other customer classes. This adjustment results in the proposed interim rate increase of approximately \$9.47 million or 3.78 percent inclusive of the new base cost of gas filed contemporaneously with this application.