Minnesota Energy Resources Corporation
Suite 200
1995 Rahncliff Court
Eagan, MN 55122
www.minnesotaenergyresources.com

October 13, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota
Docket No. G011/GR-17-563

Dear Mr. Wolf:

Enclosed for filing is the Application of Minnesota Energy Resources Corporation ("MERC" or the "Company") for Authority to Increase Rates for Natural Gas Service in Minnesota (the "Application"). This Application is being filed with the Minnesota Public Utilities Commission (the "Commission") pursuant to Minn. Stat. § 216B.16, subd. 1.

MERC seeks authority to increase rates to reflect the current cost of providing natural gas service to the Company's customers, including an appropriate return on common equity. Pursuant to Section 216B.16, subdivision 1, MERC requests a final increase in natural gas rates of $12,641,230 or 5.05 percent effective January 1, 2018, without suspension. If the Commission elects to suspend the proposed rate increase under Minn. Stat. § 216B.16. subd. 2, the Company requests, pursuant to Minn. Stat. § 216B.16, subd.3, that an interim rate increase of $9,465,720 or 3.78 percent be effective on January 1, 2018, with final rates becoming effective within ten months of the date of the Application.

MERC's Application is presented in four volumes as described below:

Volume 1	Table of Contents Notice of Change in Rates Summary of Filing Certificate of Service and Service List Filing Requirements Compliance Table Proposed Notices to Counties and Municipalities List of Counties and Municipalities Notice and Petition for Interim Rates Interim Rate Petition Schedules Agreement and Undertaking Certification Proposed Notices to Customers

Volume 1, cont.	Interim Tariff Sheets – Redlined Interim Tariff Sheets – Clean
Volume 2	Testimony & Schedules Proposed Final Rate Tariffs
Volume 3	Informational Requirements
Volume 4	Workpapers

Pursuant to Minn. R. 7825.2700, subp. 2, MERC has also submitted a separate filing seeking to restate the Base Cost of Gas for interim rates in Docket No. G011/MR-17-564.

A copy of the Application has been served on the Minnesota Department of Commerce, Division of Energy Resources and the Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division, and a Summary of Filing has been served on all parties to the Company's most recent natural gas rate case, as well as to persons on the Company's general natural gas service list, as shown on the Certificate of Service included with the Notice of Change of Rates.

Please note that certain portions of the enclosed documents contain non-public, trade secret information. Relevant pages containing non-public, trade secret information are designated as such. Attachment A to this letter summarizes the documents and exhibits that have been designated as non-public and/or trade secret and the justification for that designation.

Thank you for your attention to this matter. MERC looks forward to working with the Commission and the state agencies as they review the Application.

Sincerely yours,

J. Patrick Keyes
President
Minnesota Energy Resources Corporation

Enclosures
cc: Service Lists

Attachment A—Index of Non-Public Information Contained in Filing

Item/Location	**Justification**
Exhibit __ (SSD-11), Additional Hires, Volume 2	The compensation information is designated as Trade Secret information as defined by Minn. Stat. § 13.37, subd. 1(b), in that this information has not been publicly released. It also derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
Informational Requirement 14, Page 1, Volume 3	The salary information of individuals is private data on individuals, as defined in Minn. Stat. §13.02, subdivision 12. This salary information is also trade secret information as defined by Minn. Stat. §13.37, subd. 1(b) in that this information is not publicly available and derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who could obtain economic value from its disclosure or use. In accordance with Minn. Stat. §216B.16, subd. 17, MERC did not designate the salary information of its five highest paid employees as non-public or trade secret.
Informational Requirement 16, Schedules 1-3, 5, Volume 3	This document contains proprietary and forward-looking financial information designated as Trade Secret information as defined by Minn. Stat. § 13.37, subd. 1(b) in that this information has not been publicly released. This information is also trade secret information as defined by Minn. Stat. §13.37, subd. 1(b) in that this information derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who could obtain economic value from its disclosure or use.

Seth DeMerritt Workpapers, MERC Sales by Customer and Monthly Usage Report__ All Non-Residential Meters, Volume 4 (on disc)	Entire Document is Nonpublic because it contains nonpublic customer names and individual customer usage information. This data consists of information MERC considers to be trade secret, as Minn. Stat. § 13.37, subd. 1(b). Specific customer data (including name, address, and usage) consists of "private data on individuals" and "confidential customer data" as recognized by the Minnesota Data Practices Act. As such, this data is maintained by the Company as not public and protected from public disclosure.
Lisa Gast Workpapers, WEC Consolidated Rate of Return and Cost of Capital, Volume 4	This document contains proprietary and forward-looking financial information designated as Trade Secret information as defined by Minn. Stat. § 13.37, subd. 1(b) in that this information has not been publicly released. This information is also trade secret information as defined by Minn. Stat. §13.37, subd. 1(b) in that this information derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who could obtain economic value from its disclosure or use.

Before the Minnesota Public Utilities Commission
State of Minnesota

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

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota	))))	Docket No. G011/GR-17-563 **NOTICE OF CHANGE IN RATES**

A. Introduction.

Minnesota Energy Resources Corporation ("MERC" or the "Company"), seeks authority from the Minnesota Public Utilities Commission (the "Commission") to increase the rates for natural gas service provided to retail customers in Minnesota. Pursuant to Minn. Stat. § 216B.16, subd. 1, MERC requests a rate increase of $12,641,230 or 5.05 percent effective January 1, 2018, without suspension. MERC has determined that it will incur an interim revenue deficiency of $9,652,055 or 3.86 percent. If the Commission elects to suspend the proposed rate increase under Minn. Stat. § 216B.16, subd. 2, MERC requests, pursuant to Minn. Stat. § 216B.16, subd. 3, that an interim rate increase of $9,465,720 or 3.78 percent be effective on January 1, 2018, with final rates becoming effective within ten months of the date of the Application.

This Application includes the following information in accordance with Minnesota statutes and the Commission's rules:

B. Notice and Proposal Regarding General Rate Change (Minn. R. 7825.3200A(1) and 7825.3500)

1. Name, address and telephone number of utility.

Minnesota Energy Resources Corporation
1995 Rahncliff Court, Suite 200
Eagan, MN 55122
(651) 322-8900

2. Name, address and telephone number of attorneys for the utility.

Elizabeth M. Brama
Kristin M. Stastny
Lauren E. Pockl
Briggs and Morgan, P.A.
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
(612) 977-8400

Koby Bailey
WEC Energy Group, Inc.
200 East Randolph Street
Suite 2300
Chicago, IL 60601
(312) 240-4081

3. Date of filing and date modified rates are to be effective.

The date of this filing is October 13, 2017. Pursuant to Minn. Stat. § 216B.16, subd. 1, MERC proposes and requests that the requested natural gas rates become effective January 1, 2018, approximately 80 days after filing, without suspension.[1] A schedule of rates and tariffs, reflecting the revenue increase requested and the proposed rate design described in the attached documents is included with the Application.

If the Commission suspends the proposed natural gas rates pursuant to Minn. Stat. § 216B.16, subd. 2, then, pursuant to Minn. Stat. § 216B.16, subd. 3, MERC requests that the Commission approve the interim natural gas rates proposed in the Petition for Interim Rates, which is filed as

[1] Although Minn. Stat. § 216B.16, subd. 3 requires the Commission to approve interim rates no later than 60 days after the initial filing date, MERC waives its right, under the statute, to have interim rates in effect not later than 60 days after the initial filing for the purpose of placing interim rates in effect on January 1, 2018. MERC's customers would not be harmed by granting the Company's request. *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. G007,011/GR-08-835, ORDER SETTING INTERIM RATES (Sept. 25, 2008).

part of this Application, effective January 1, 2018, with final rates effective within ten months of the date of this Application.

4. Description and purpose of the change in rates requested.

The Application for a change in rates applies to all of MERC's retail natural gas customers in the State of Minnesota, and the proposed rates are designed to produce additional revenues sufficient to meet MERC's cost of service for the test year ending December 31, 2018. This filing complies with the provisions of Minn. Stat. § 216B.16 and the Commission's rules governing rate changes.

5. Effect of the change in rates.

The effect on the proposed natural gas rate increase will be an increase in gross revenues for the test year of $12,641,230, or an approximate increase of 5.05 percent above the test year gross revenues. The typical residential gas customer served by MERC uses 873 therms per year. On average, the proposed rate change would increase the bill for a typical residential gas customer by $3.50 per month or $42.05 annually.

If the requested rates are suspended, the interim rates would increase the bill for a typical residential gas customer as outlined below. On average, the proposed rate change would increase the bill for a typical residential gas customer by $2.42 per month or $29.08 annually.

6. Signature and title of utility officer authorizing the proposal.

The Application is signed on behalf of MERC by J. Patrick Keyes, President of MERC.

C. Modified rates.
(Minn. R. 7825.3200A(2) and 7825.3600)

Included in this Application are rate schedules containing the proposed changed rates and tariffs. These schedules and tariffs are supported by the pre-filed Direct Testimony of Amber S. Lee, and are included in Volume 2 of this Application.

D. Expert opinions and supporting documents. (Minn. R. 7825.3200A(3) and 7825.3700)

Included in this Application are statements of fact, expert opinions, substantiating documents and exhibits supporting the change in retail natural gas rates. Pursuant to Minn. R. 7825.3700, J. Patrick Keyes, President of MERC, provides a statement as MERC's designated official in support of the Application. A list of MERC other witnesses is provided in the Direct Testimony of Mary L. Wolter.

E. Information requirements. (Minn. R. 7825.3200A(4) and 7825.3800 – 7825.4400)

Included in this Application in Volume 2 are the Direct Testimonies of MERC's witnesses and proposed tariffs, which along with Volumes 3 and 4, represent MERC's supporting documentation and contain the information in support of a general rate increase required by Minn. R. 7825.3800 through Minn. R. 7825.4400.

Data is provided for the 2016 historical year, the 2017 projected year, and the proposed test year ending December 31, 2018.

F. Methods and procedures for refunding. (Minn. R. 7825.3200A(5) and 7825.3300)

Included with this Application is an "Agreement and Undertaking" signed and verified by J. Patrick Keyes, President of MERC.

G. Notice to municipalities and counties. (Minn. Stat. § 216B.16, subd. 1)

Pursuant to Minn. Stat. § 216B.16, subd. 1, MERC proposes to mail the Proposed Notice to Counties and Municipalities included with the Application to all municipalities and counties in MERC's natural gas service territory. This notice includes a discussion of the proposed interim rates, as well as information regarding the general natural gas rate case filing. The representation of present, interim, and proposed rates on this notice reflects the approach described in the Company's response to Part B.5 above. MERC requests Commission approval of the notice so it may be mailed in a timely fashion.

H. Customer notice. (Minn. R. 7829.2400, subp. 3)

MERC will notify customers through a bill insert of its Application to increase retail natural gas rates and explain the proposed general rate increase. If MERC's requested retail natural gas rate increase is suspended, MERC will also explain the impact of its interim rates on customer bills in the same bill insert.

Included in this Application is an example of MERC's proposed notice of its rate increase. MERC requests approval of the customer notice so it can be included prior to or with the first bills issued with interim rates.

I. Filing requiring determination of gross revenue requirement. (Minn. R. 7829.2400)

Pursuant to Minn. R. 7829.2400, MERC is submitting the following information in addition to that required by Minn. R. 7825.3100 – 7825.4600.

1. Summary.

A summary of the Application is attached to this Notice.

2. Service; proof of service.

MERC has served copies of this Application on the Minnesota Department of Commerce, Division of Energy Resources and the Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division. MERC will serve a copy of the Summary of Filing on the other parties on the general service list for MERC's natural gas filings and on the service list in MERC's last natural gas rate case proceeding (Docket No. G011/GR-15-736). The combined service list for these proceedings and a certificate of service are attached.

3. Notice to public and governing bodies.

See Sections G. and H., above. In addition, MERC will publish a notice of the proposed change in newspapers of general circulation in all county seats in MERC's Minnesota natural gas service territory.

4. Notice of hearing.

MERC will notify ratepayers of hearings held in connection with this Application as directed by the Commission. MERC will also publish notice of the hearings in newspapers of general circulation in all county seats in MERC's natural gas service area, as directed by the Commission.

J. <u>Service list.</u>

Pursuant to Minn. R. 7829.0700, MERC requests the following persons representing MERC be placed on the Commission's official service list for this proceeding:

Elizabeth M. Brama
Kristin M. Stastny
Lauren E. Pockl
Briggs and Morgan, P.A.
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
EBrama@briggs.com
KStastny@briggs.com
LPockl@briggs.com

Amber S. Lee
Minnesota Energy Resources Corporation
1995 Rahncliff Court, Suite 200
Eagan, MN 55122
ASLee@Integrysgroup.com

Seth S. DeMerritt
Wisconsin Business Support
700 North Adams Street
P.O. Box 19001
Green Bay, WI 54307-9001
SSDemerritt@Integrysgroup.com

Koby Bailey
WEC Energy Group, Inc.
200 East Randolph Drive
Chicago, IL 60601
KABailey@Integrysgroup.com

Mary Wolter
We Energies
231 West Michigan Street
Milwaukee, WI 53203
Mary.wolter@we-energies.com

K. Conclusion.

MERC respectfully requests consideration and acceptance of its Application.

Dated: October 13, 2017

Respectfully submitted,

J Patrick Keyes

J. Patrick Keyes
Minnesota Energy Resources Corporation
231 W. Michigan St.
Milwaukee, WI 53203

Subscribed and sworn to before me
this 13th day of October, 2017.

Susan L. Wangala

Notary Public, State of ~~Minnesota~~ Wisconsin

Expires: 2/2/2021

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

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

Docket No. G011/GR-17-563

SUMMARY OF FILING

On October 13, 2017, Minnesota Energy Resources Corporation ("MERC" or the "Company"), filed with the Minnesota Public Utilities Commission (the "Commission") an application to increase retail gas rates in the State of Minnesota (the "Application"). Pursuant to Minn. Stat. § 216B.16, subd. 1, MERC requests a rate increase of $12,641,230 or 5.05 percent, effective January 1, 2018, without suspension. MERC has determined that it will incur an interim revenue deficiency of $9,652,055 or 3.86 percent. If the Commission elects to suspend the proposed rate increase under Minn. Stat. § 216B.16, subd. 2, the Company requests, pursuant to Minn. Stat. § 216B.16, subd. 3, that an interim rate increase of $ 9,465,720 or 3.78 percent be effective on January 1, 2018, with final rates becoming effective within ten months of the date of the Application.

On average, the proposed rate change would increase the bill for a typical residential gas customer by $3.50 per month or $42.05 annually. If the requested rates are suspended, the interim rates would increase the bill for a typical residential gas customer by $2.42 per month or $29.08 annually.

The proposed rate schedules and a comparison of present and proposed rates are available at www.minnesotaenergyresources.com and can also be examined during normal business hours at MERC's offices located in Albert Lea, Bemidji, Cloquet, Rochester, and Rosemount or at the

Minnesota Department of Commerce, 85 7th Place East, Suite 500, St. Paul, MN 55101. Additionally, this filing is available through the eDockets system maintained by the Minnesota Department of Commerce and the Commission. You can access this document by going to eDockets through the websites of the Department of Commerce or the Commission or by going to the eDockets homepage at https://www.edockets.state.mn.us/Efiling/search.jsp, under Docket Number G011/GR-17-563.

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

Docket No. G011/GR-17-563

CERTIFICATE OF SERVICE

I, Theresa A. Senart, hereby certify that on the 13th day of October, 2017, on behalf of Minnesota Energy Resources Corporation ("MERC"), I electronically filed a true and correct copy of MERC's Application for Authority to Increase Rates for Natural Gas Service in Minnesota on www.edockets.state.mn.us. A copy of the filing was provided via personal service to the Minnesota Department of Commerce, Division of Energy Resources and the Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division. A summary of the filing was provided via electronic service or United States first class mail as designated on the attached service list.

Dated this 13th day of October, 2017.

/s/ Theresa A. Senart

Theresa A. Senart

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_17-563_GR-17-563
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_17-563_GR-17-563
Michael	Auger	mauger@usenergyservices.com	U S Energy Services, Inc.	Suite 1200 605 Highway 169 N Minneaplis, MN 554416531	Electronic Service	No	OFF_SL_17-563_GR-17-563
Elizabeth	Brama	ebrama@briggs.com	Briggs and Morgan	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_GR-17-563
Jeanne	Cochran	Jeanne.Cochran@state.mn.us	Office of Administrative Hearings	P.O. Box 64620 St. Paul, MN 55164-0620	Electronic Service	Yes	OFF_SL_17-563_GR-17-563
Seth	DeMerritt	ssdemerritt@integrysgroup.com	MERC (Holding)	700 North Adams P.O. Box 19001 Green Bay, WI 543079001	Electronic Service	No	OFF_SL_17-563_GR-17-563
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-563_GR-17-563
Darcy	Fabrizius	Darcy.fabrizius@constellation.com	Constellation Energy	N21 W23340 Ridgeview Pkwy Waukesha, WI 53188	Electronic Service	No	OFF_SL_17-563_GR-17-563
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-563_GR-17-563
Daryll	Fuentes	dfuentes@usg.com	USG Corporation	550 W Adams St Chicago, IL 60661	Electronic Service	No	OFF_SL_17-563_GR-17-563

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-563_GR-17-563
Kimberly	Hellwig	kimberly.hellwig@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_GR-17-563
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_17-563_GR-17-563
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_GR-17-563
Amber	Lee	ASLee@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th St W Rosemount, MN 55068	Electronic Service	No	OFF_SL_17-563_GR-17-563
Peter	Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 55101	Electronic Service	Yes	OFF_SL_17-563_GR-17-563
Brian	Meloy	brian.meloy@stinson.com	Stinson,Leonard, Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_GR-17-563
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_17-563_GR-17-563
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_GR-17-563

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-563_GR-17-563
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431	Electronic Service	Yes	OFF_SL_17-563_GR-17-563
Colleen	Sipiorski	ctsipiorski@integrysgroup.com	Minnesota Energy Resources Corporation	700 North Adams Street Green Bay, WI 54307	Electronic Service	No	OFF_SL_17-563_GR-17-563
Kristin	Stastny	kstastny@briggs.com	Briggs and Morgan, P.A.	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-563_GR-17-563
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_17-563_GR-17-563
Casey	Whelan	cwhelan@usenergyservices.com	U.S. Energy Services, Inc.	605 Highway 169 N Ste 1200 Plymouth, MN 55441	Electronic Service	No	OFF_SL_17-563_GR-17-563
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_17-563_GR-17-563

MINNESOTA ENERGY RESOURCES CORPORATION
FILING REQUIREMENT COMPLIANCE TABLE
DOCKET NO. G011/GR-17-563

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
Minnesota Rules, Part		
7825.3200	Notice of Change in Rates. A utility filing for a change in rates shall serve notice to the commission at least 90 days prior to the proposed effective date of the modified rates. Such notice shall include the items prescribed below for:	Notice of Change in Rates, Volume 1
(A)	A. general rate changes: (1) proposal for change in rates as prescribed in part 7825.3500; (2) modified rates as prescribed in part 7825.3600; (3) expert opinions and supporting exhibits as prescribed in part 7825.3700; (4) informational requirements as prescribed in parts 7825.3800 to 7825.4400; and (5) statement indicating the method of insuring the payment of refunds as prescribed in part 7825.3300;	Notice of Change in Rates, Volume 1, and see below for reference to parts 7825.3600, 7825.3700, 7825.3800-4400, and 7825.3300
7825.3300	Insure payment of refunds under either of the following methods: file with the commission a bond, signed by an authorized official of the utility, in an amount and with sureties approved by the commission; or file an unqualified agreement, signed by an authorized official of the utility, to refund to the customers or credit to customers' accounts within 90 days from the effective date of the commission order any portion of the increase in rates determined to be unreasonable together with interest at the average prime interest rate computed from the effective date of the proposed rates through the date of refund or credit.	Agreement and Undertaking, Volume 1
7825.3500	The utility's proposal for a change in rates shall summarize the notice of change in rates and shall include the following information:	Notice of Change in Rates, Volume 1
(A)	Name, address, and telephone number of the utility without abbreviation and the name and address and telephone number of the attorney for the utility, if there be one;	Notice of Change in Rates, Volume 1
(B)	Date of filing and date modified rates are effective;	Notice of Change in Rates, Volume 1

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
(C)	Description and purpose of the change in rates requested;	Notice of Change in Rates, Volume 1
(D)	Effect of the change in rates expressed in gross revenue dollars and as a percentage of test year gross revenue; and	Notice of Change in Rates, Volume 1
(E)	Signature and title of utility officer authorizing the proposal.	Notice of Change in Rates, Volume 1
7825.3600	Revised or new pages to the rate book previously filed with the commission and identifying those pages which were not changed. Each revised or new page of the rate book shall contain the information required for each page of the rate book and shall be in a format consistent with the currently filed rate book. In addition, each revised page shall contain the revision number and the page number of the revised page.	Redline and Clean Final Tariff Sheets, Volume 2
7825.3700	Expert opinions and supporting exhibits shall include written statements, in question and answer format, together with supporting exhibits of utility personnel and other expert witnesses as deemed appropriate by the utility in support of the proposal. At a minimum, expert opinions shall include a statement by the chief executive officer or other designated official in support of the proposal.	Testimony and Schedules of MERC's Ten Witnesses, Volume 2; Certification signed by MERC's Vice President Supporting the Proposal, Volume 1
7825.3900	A jurisdictional financial summary schedule as required by part 7825.3800 shall be filed showing:	
(A)	the proposed rate base, operating income, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the test year;	Informational Requirement Document 1, Volume 3
(B)	the actual unadjusted average rate base consisting of the same components as the proposed rate base, unadjusted operating income, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the most recent fiscal year; and	Informational Requirement Documents 1, 2, 3, 4, 5, 6, and 7, Volume 3
(C)	the projected unadjusted average rate base consisting of the same components as the proposed rate base, unadjusted operating income under present rates, overall rate of return, and the calculation of income requirements, income deficiency, and revenue	Informational Requirement Documents 1, 2, 3, 4, 5, 6, and 7, Volume 3

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	requirements for the projected fiscal year.	
7825.4000	The following rate base schedules as required by part 7825.3800 shall be filed:	
(A)	A rate base summary schedule by major rate base component (e.g. plant in service, construction work in progress, and plant held for future use) showing the proposed rate base, the unadjusted average rate base for the most recent fiscal year and unadjusted average rate base for the projected fiscal year. The totals for this schedule shall agree with the rate base amounts included in the financial summary.	Informational Requirement Documents 2, 3, and 4, Volume 3
(B)	A comparison of total utility and Minnesota jurisdictional rate base amounts by detailed rate base component showing:	Informational Requirement Documents 2, 3, and 4, Volume 3
(1)	total utility and the proposed jurisdictional rate base amounts for the test year including the adjustments, if any, used in determining the proposed rate base;	Informational Requirement Documents 2, 3, and 4, Volume 3
(2)	the unadjusted average total utility and jurisdictional rate base amounts for the most recent fiscal year and the projected fiscal year.	Informational Requirement Documents 2, 3, and 4, Volume 3
(C)	Adjustment schedules, if any, showing the title, purpose, and description and the summary calculations of each adjustment used in determining the proposed jurisdictional rate base.	Informational Requirement Documents 2, 3, and 4, Volume 3
(D)	A summary by rate base component of the assumptions made and the approaches used in determining average unadjusted rate base for the projected fiscal year. Such assumptions and approaches shall be identified and quantified into two categories: known changes from the most recent fiscal year and projected changes.	Informational Requirement Documents 3 and 4, Volume 3
(E)	For multijurisdictional utilities only, a summary by rate base component of the jurisdictional allocation factors used in allocating the total utility rate base amounts to the Minnesota jurisdiction. This summary shall be supported by a schedule showing for each allocation factor the total utility and jurisdictional statistics used in determining the proposed rate base and the Minnesota jurisdictional rate base for the most recent fiscal year and the projected fiscal	Informational Requirement Documents 2, 4, and 9, Volume 3

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	year.	
7825.4100	The following operating income schedules as required by part 7825.3800 shall be filed:	
(A)	A summary schedule of jurisdictional operating income statements which reflect proposed test year operating income, and unadjusted jurisdictional operating income for the most recent fiscal year and the projected fiscal year calculated using present rates.	Informational Requirement Documents 5, 6, 7, and 10, Volume 3
(B)	For multijurisdictional utilities only, a schedule showing the comparison of total utility and unadjusted jurisdictional operating income statement for the test year, for the most recent fiscal year and the projected fiscal year. In addition, the schedule shall provide the proposed adjustments, if any, to jurisdictional operating income for the test year together with the proposed operating income statement.	Informational Requirement Documents 5, 6, and 7, Volume 3
(C)	For investor-owned utilities only, a summary schedule showing the computation of total utility and allocated Minnesota jurisdictional federal and state income tax expense and deferred income taxes for the test year, the most recent fiscal year, and the projected fiscal rear. This summary schedule shall be supported by a detailed schedule, showing the development of the combined federal and state income tax rates.	Informational Requirement Document 8, Volume 3
(D)	A summary schedule of adjustments, if any, to jurisdictional test year operating income and detailed schedules for each adjustment providing an adjustment title, purpose and description of the adjustment, and summary calculations.	Informational Requirement Documents 5, 6, and 7, Volume 3
(E)	A schedule summarizing the assumptions made and the approaches used in projecting each major element of operating income. Such assumptions and approaches shall be identified and quantified into two categories: known changes from the most recent fiscal year and projected changes.	Informational Requirement Documents 5 and 6, Volume 3
(F)	For multijurisdictional utilities only, a schedule providing, by operating income element, the factor or factors used in allocating total utility operating income to Minnesota jurisdiction. This	Informational Requirement Documents 5, 7, and 9, Volume 3

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	schedule shall be supported by a schedule that sets forth the statistics used in determining each jurisdictional allocation factor for the test year, the most recent fiscal year, and the projected fiscal year.	
7825.4200	The following rate of return cost of capital schedules as required by part 7825.3800 shall be filed:	
(A)	A rate of return cost of capital summary schedule showing the calculation of the weighted cost of capital using the proposed capital structure and the average capital structures for the most recent fiscal year and the projected fiscal year. This information shall be provided for the unconsolidated parent and subsidiary corporations, or for the consolidated parent corporation.	Lisa Gast Testimony, Exhibit __(LJG-1), Volume 2 (MERC); Informational Requirement Document 16, Volume 3 (WEC consolidated).
(B)	Supporting schedules showing the calculation of the embedded cost of long-term debt, if any, and the embedded cost of preferred stock, if any, at the end of the most recent fiscal year and the projected fiscal year.	Lisa Gast Testimony, Exhibit __(LJG-1), Volume 2
(C)	Schedule showing average short-term securities for the proposed test year, most recent fiscal year, and the projected fiscal year.	Lisa Gast Testimony, Exhibit __(LJG-1), Volume 2
7825.4300	The following rate structure and design information as required by part 7825.3800 shall be filed:	
(A)	A summary comparison of test year operating revenue under present and proposed rates by customer class of service showing the difference in revenue and the percentage change.	Amber Lee Testimony, Exhibit __ (ASL-1), Schedule 2 Summary, Volume 2
(B)	A detailed comparison of test year operating revenue under present and proposed rates by type of charge including minimum, demand, energy by block, gross receipts, automatic adjustments, and other charge categories within each rate schedule and within each customer class of service.	Amber Lee Testimony, Exhibit __ (ASL-1), Schedule 2, Volume 2
(C)	A cost-of-service study by customer class of service, by geographic area, or other categorization as deemed appropriate for the change in rates requested, showing revenues, costs, and profitability for each class of service, geographic area, or other appropriate	Aaron Nelson Testimony, Volume 2 Informational Requirement Document 12, Volume 3

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	category, identifying the procedures and underlying rationale for cost and revenue allocations. Such study is appropriate whenever the utility proposes a change in rates which results in a material change in its rate structure.	
7825.4400	The following supplemental information as required by part 7825.3800 shall be filed:	
(A)	Annual report to stockholders or members including financial statements and statistical supplements for the most recent fiscal year. If a utility is not audited by an independent public accountant, unaudited financial statements will satisfy this filing requirement.	Informational Requirement Document 11, Volume 3
(B)	For investor-owned utilities only, a schedule showing the development of the gross revenue conversion factor.	Informational Requirement Document 1, Volume 3
(C)	For cooperatives only, REA Form 7, Financial and Statistical Report for the last month of the most recent fiscal year.	Not Applicable
(D)	For cooperatives only. REA Form 7A, Annual Supplement to Financial and Statistical Report.	Not Applicable
(E)	For REA cooperatives only, REA Form 325, Financial Forecast.	Not Applicable
7825.2700	**New Base Cost of Gas**	
Subpart 2	A new base cost of gas must be submitted as a miscellaneous rate change to coincide with the implementation of interim rates during a general rate proceeding. A new base gas cost must also be part of the rate design compliance filing submitted as a result of a general rate proceeding. The base gas cost must separately state the commodity base cost and the demand base cost components for each class. The base gas cost for each class is determined by dividing the estimated base period cost of purchased gas for each class by the estimated base period annual sales volume for each class.	*In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a New Base Cost of Gas for Interim Rates*, Docket No. G011/MR-17-564 (Filed Sept. 29, 2017)
7829.2400	Filing requiring determination of gross revenue.	
Subpart 1	A utility filing a general rate case or other filing that requires determination of its gross revenue requirement shall include, on a separate page, a brief summary of the filing, sufficient to apprise	Summary of Filing, Volume 1

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	potentially interested parties of its nature and general content.	
Subpart 2	A utility filing a general rate change request shall serve copies of the filing on the department and Office of the Attorney General. The utility shall serve the filing or the summary described in subpart 1 on the persons on the applicable general service list and persons who were parties to its least general rate case or incentive plan proceeding.	Certificate of Service, Volume 1
Subpart 3	A utility seeking a general rate change shall give notice of the proposed change to the governing body of each municipality and county in its service area and to its ratepayers. The utility shall also publish notice of the proposed change in newspapers of general circulation in all county seats in its service area.	Proposed Notices, Volume 1
Minn. Stat. § 216B.16	**Rate Change, Procedure, Hearing**	
Subd. 1	Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days' notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved energy conservation improvement plan on file with the department, it shall also include in its notice an energy conservation plan pursuant to section 216B.241. A filing utility subject to rate regulation under section 216B.026 shall reference in its notice the energy conservation improvement plans of the generation and transmission cooperative providing energy conservation improvement programs to members of the filing utility pursuant to section 216B.241. The filing utility shall give written notice, as approved by the	Notice of Change in Rates, Volume 1 The Company has an approved Conservation Improvement Program Plan for the period 2017-2019. *See In the Matter of Minnesota Energy Resources Corporation's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan*, Docket No. G011/CIP-16-120, Decision (Nov. 3, 2016). Proposed Notices, Volume 1

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.	 Redline and Clean Final Tariff Sheets, Volume 2
Subd. 3(b)	Interim rate. (b) Unless the commission finds that exigent circumstances exist, the interim rate schedule shall be calculated using the proposed test year cost of capital, rate base, and expenses, except that it shall include: (1) a rate of return on common equity for the utility equal to that authorized by the commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the commission in the utility's most recent rate proceeding; and (3) no change in the existing rate design. In the case of a utility which has not been subject to a prior commission determination, the commission shall base the interim rate schedule on its most recent determination concerning a similar utility.	Interim Rate Petition, Volume 1
Subd. 6a	Construction work in progress. To the extent that construction work in progress is included in the rate base, the commission shall determine in its discretion whether and to what extent the income used in determining the actual return on the public utility property shall include an allowance for funds used during construction, considering the following factors: (1) the magnitude of the construction work in progress as a percentage of the net investment rate base; (2) the impact on cash flow and the utility's capital costs; (3) the effect on consumer rates; (4) whether it confers a present benefit upon an identifiable class or classes of customers; and (5) whether it is of a short-term nature or will be imminently useful in the provision of utility service.	Seth DeMerritt Testimony at Section II, Volume 2

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
Subd. 6b	Subd. 6b.Energy conservation improvement. (a) Except as otherwise provided in this subdivision, all investments and expenses of a public utility as defined in section 216B.241, subdivision 1, paragraph (h), incurred in connection with energy conservation improvements shall be recognized and included by the commission in the determination of just and reasonable rates as if the investments and expenses were directly made or incurred by the utility in furnishing utility service.	Seth DeMerritt Testimony at Section IV, Volume 2
Subd. 8	Advertising expense. (a) The commission shall disapprove the portion of any rate which makes an allowance directly or indirectly for expenses incurred by a public utility to provide a public advertisement which: (1) is designed to influence or has the effect of influencing public attitudes toward legislation or proposed legislation, or toward a rule, proposed rule, authorization or proposed authorization of the Public Utilities Commission or other agency of government responsible for regulating a public utility; (2) is designed to justify or otherwise support or defend a rate, proposed rate, practice or proposed practice of a public utility; (3) is designed primarily to promote consumption of the services of the utility; (4) is designed primarily to promote good will for the public utility or improve the utility's public image; or (5) is designed to promote the use of nuclear power or to promote a nuclear waste storage facility. (b) The commission may approve a rate which makes an allowance for expenses incurred by a public utility to disseminate information which: (1) is designed to encourage conservation of energy supplies; (2) is designed to promote safety; or (3) is designed to inform and educate customers as to financial services made available to them by the public utility. (c) The commission shall not withhold approval of a rate because it	Informational Requirement Document 13, Volume 3 Seth DeMerritt Testimony at Section II.D. and Exhibit __ (SSD-17), Volume 2

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	makes an allowance for expenses incurred by the utility to disseminate information about corporate affairs to its owners.	
Subd. 9	Charitable contribution. The commission shall allow as operating expenses only those charitable contributions that the commission deems prudent and that qualify under section 300.66, subdivision 3. Only 50 percent of the qualified contributions are allowed as operating expenses.	Informational Requirement Document 15, Volume 3 Seth DeMerritt Testimony at Section II.D and Exhibit ___ (SSD-18), Volume 2
Subd. 13.	Economic and community development. The commission may allow a public utility to recover from ratepayers the expenses incurred for economic and community development.	Seth DeMerritt Testimony at Section II.D. and Exhibit __ (SSD-21), Volume 2
Subd. 15	Low-income affordability programs. (a) The commission must consider ability to pay as a factor in setting utility rates and may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. A public utility serving low-income residential ratepayers who use natural gas for heating must file an affordability program with the commission. For purposes of this subdivision, "low-income residential ratepayers" means ratepayers who receive energy assistance from the low-income home energy assistance program (LIHEAP). (b) Any affordability program the commission orders a utility to implement must: (1) lower the percentage of income that participating low-income households devote to energy bills; (2) increase participating customer payments over time by increasing the frequency of payments; (3) decrease or eliminate participating customer arrears; (4) lower the utility costs associated with customer account collection activities; and (5) coordinate the program with other available low-income bill payment assistance and conservation resources. (c) In ordering affordability programs, the commission may require	Amber Lee Testimony at Section XI, Volume 2

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	public utilities to file program evaluations that measure the effect of the affordability program on: (1) the percentage of income that participating households devote to energy bills; (2) service disconnections; and (3) frequency of customer payments, utility collection costs, arrearages, and bad debt. (d) The commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The commission may not allow a utility to recover administrative costs, excluding start-up costs, in excess of five percent of total program costs, or program evaluation costs in excess of two percent of total program costs. The commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases. (e) Public utilities may use information collected or created for the purpose of administering energy assistance to administer affordability programs.	
Subd. 17	(a) The commission may not allow as operating expenses a public utility's travel, entertainment, and related employee expenses that the commission deems unreasonable and unnecessary for the provision of utility service. In order to assist the commission in evaluating the travel, entertainment, and related employee expenses that may be allowed for ratemaking purposes, a public utility filing a general rate case petition shall include a schedule separately itemizing all travel, entertainment, and related employee expenses as specified by the commission, including but not limited to the following categories: (1)travel and lodging expenses;	Informational Requirement Document 14, Volume 3 Seth DeMerritt Testimony at Section V and Exhibit ___ (SSD-19), Volume 2

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	(2) food and beverage expenses; (3) recreational and entertainment expenses; (4) board of director-related expenses, including and separately itemizing all compensation and expense reimbursements; (5) expenses for the ten highest paid officers and employees, including and separately itemizing all compensation and expense reimbursements; (6) dues and expenses for memberships in organizations or clubs; (7) gift expenses; (8) expenses related to owned, leased, or chartered aircraft; and (9) lobbying expenses. (b) To comply with the requirements of paragraph (a), each applicable expense incurred in the most recently completed fiscal year must be itemized separately, and each itemization must include the date of the expense, the amount of the expense, the vendor name, and the business purpose of the expense. The separate itemization required by this paragraph may be provided using standard accounting reports already utilized by the utility involved in the rate case, in a written format or an electronic format that is acceptable to the commission. For expenses identified in response to paragraph (a), clauses (1) and (2), the utility shall disclose the total amounts for each expense category and provide separate itemization for those expenses incurred by or on behalf of any employee at the level of vice president or higher and for board members. The petitioning utility	

Citation/Source of Requirement	Information Required by Commission Rule and Statute	Section and Page of Application
	shall also provide a one-page summary of the total amounts for each expense category included in the petitioning utility's proposed test year. (c) Except as otherwise provided in this paragraph, data submitted to the commission under paragraph (a) are public data. The commission or an administrative law judge assigned to the case may treat the salary of one or more of the ten highest paid officers and employees, other than the five highest paid, as private data on individuals as defined in section 13.02, subdivision 12, or issue a protective order governing release of the salary, if the utility establishes that the competitive disadvantage to the utility that would result from release of the salary outweighs the public interest in access to the data. Access to the data by a government entity that is a party to the rate case must not be restricted.	

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FILING REQUIREMENT COMPLIANCE TABLE
DOCKET NO. G011/GR-17-563

Citation/Source of Requirement	Information Required Under Commission Policy Statements	Section and Page of Application
Policy Statement		
Advertising	Statement that recovery is requested only for permitted advertisements. Complete samples of all advertising for which recovery is sought, including a schedule that: 1. Identifies the sample ad. 2. Categorizes the advertisement by allowable and disallowable type. 3. Defines the percentage by which the content fits into the allowable and disallowable statutory categories. 4. Provides the corresponding test year dollar amount for each ad. 5. Describes the period of time during which each ad will be used, the service area in which it will appear, and the media employed.	Informational Requirement Document 13, Volume 3 Seth DeMerritt Testimony at Section II.D. and Exhibit __ (SSD-17), Volume 2
Charitable Contributions	Evidence as to whether the recipients of the contributions: serve the utility's Minnesota service area, are nondiscriminatory in selecting recipients; and do not promote political or special interest groups. Evidence as to what organizations are gifted, their activities, and that no part of the contribution goes to benefit any private stockholder or individual. Itemized schedule showing amount, recipient and time of donations.	Informational Requirement Document 15, Volume 3 Seth DeMerritt Testimony at Section II.D and Exhibit ___ (SSD-18), Volume 2
Organizational Dues	Schedule showing each organization being paid, the number of employees belonging to each organization and the dollar amount of dues being paid to each organization. Testimony explaining the primary purpose of each organization.	Seth DeMerritt Testimony at Section II.D and Exhibit __ (SSD-16), Volume 2 Informational Requirement Document 14, Volume 3
Research Expenses	Schedule that describes each research activity for which an expense is claimed that completely itemizes and supports all	Not Applicable

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Citation/Source of Requirement	Information Required Under Commission Policy Statements	Section and Page of Application
	expenses for each activity. Testimony that: explains the nature of control of the research, including the setting of research goals and evaluation of services; identifies the persons or groups who will conduct the research; describes the persons who will benefit from the research and the time expected to be needed for benefits to begin to accrue to those persons; and reveals the parties who will acquire ownership of any processes, patents, rights, or other tangible products that result from the research.	Seth DeMerritt Testimony at Section II.D, Volume 2
Cash Working Capital	Lead-lag study with: (1) lead time divided into service to meter reading; meter reading to billing; and billing to collection; and (2) lag expenses divided in categories such as fuel, purchased power, labor, etc. Separate components of working capital not included in the lead-lag study may include average or minimum cash balances required, depreciation, dividends and interest on debt.	Seth DeMerritt Testimony at Section III, Volume 2
Interim Rates		
Item 1, page 2	Name, address and telephone number of utility without abbreviations and the name, address and telephone number for the attorney for the utility.	Interim Rate Petition, Volume 1
Item 2, page 2	Date of filing and date proposed interim rates are requested to become effective.	Interim Rate Petition, Volume 1
Item 3, page 2	Description and need for interim rates.	Interim Rate Petition, Volume 1
Item 4, page 2	Description and corresponding dollar amount of changes included in interim rates as compared with most current approved general rate case and with the most recent year for which audited data is available. The data for the most recent actual year should be for the same time period in months as the test year, if the test year is a projected test year.	Interim Rate Petition, Volume 1 Seth DeMerritt Testimony at Section IX, Volume 2
Item 5, page 2	Effect of the interim rates expressed in gross revenue dollars and as a percentage of test year gross revenue.	Interim Rate Petition, Volume 1

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Citation/Source of Requirement	Information Required Under Commission Policy Statements	Section and Page of Application
		Seth DeMerritt Testimony at Section IX, Volume 2
Item 6, page 2	Certification signed by the Chief Executive Officer of the utility, that affirms the proposed interim rate petition is in compliance with Minnesota Statutes.	Certification of Officer, Volume 1
	Methods and procedures for refunding.	Agreement and Undertaking, Volume 1
Item 7, page 2	Signature and title of the utility officer authorizing the proposed interim rates.	Interim Rate Petition, Volume 1
Items 1-4, page 3	Supporting schedules and work papers, including:	
(1)	A schedule showing the interim rate of return calculation.	Interim Rate Petition, Volume 1
(2)	A schedule showing the interim operating income statement.	Interim Rate Petition, Volume 1
(3)	A schedule showing the interim proposed rate base.	Interim Rate Petition, Volume 1
(4)	A schedule showing revenue deficiency calculations for each of the operating income statements and rate bases requested in (2) and (3) above. The revenue deficiency should be calculated for the actual data and the interim data using the rate of return calculated in (1) above.	Interim Rate Petition, Volume 1
	Modified tariffs.	Interim Tariff Sheets – Redlined and Clean, Volume 1
	Notices.	Proposed Notices, Volume 1 Notices will be distributed after they are approved by the Commission

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Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
Docket Number/Name of Order	**Name of Proceeding**	
G011/M-91-989	**PNG's Request to Establish a Tariff for Repairing and Replacing Farm Tap Lines**	
Order Permitting Company to Continue Deferred Accounting (February 17, 1998)	Aquila shall file with the PUC, the Department, and the Office of Pipeline Safety within 90 days of the end of each five-year inspection period and in each general rate case a five-year report on the farm tap inspection program including the cumulative results of the inspection program and any recommendations for future improvements.	Amber Lee Testimony at Section X and Exhibit ___ (ASL-7), Volume 2
G007,011/M-05-1676; G,E999/CI-90- 1008	**Sale of Aquila, Inc.'s Minnesota Assets to Minnesota Energy Resources Corporation**	
Order Approving Sale Subject to Conditions (June 1, 2006)	MERC is put on notice that in its future general rate cases it must conform to the Commission's policies and procedures and filing requirements for allocation of costs for all WPSR's non- regulated activities as well as Service Guard and shall comply with accounting standards established by the Commission in its September 28, 1994 Order in Docket No. G,E-999/CI-90-1008.	Seth DeMerritt Testimony at Section II.E, Volume 2
G011/GR-13-617	**2013 General Rate Case**	
Findings of Fact, Conclusions, and Order (October 28, 2014)	[Order Point 9] MERC shall continue its current CCRC calculation methodology by including the CCRC factor in its base distribution rate and maintain its CCRA factor in its current format.	Seth DeMerritt Testimony at Section IV.B, Volume 2
	[Order Point 14] In future rate cases, MERC shall meet with Department and Commission staff prior to making its initial filing to discuss CIP issues and their presentation in the filing.	Seth DeMerritt Testimony at Section II.B, Volume 2
	[Order Point 17] MERC shall take the following actions in regard to its pending property-tax litigation: a. Refund the amount of Kansas property taxes collected from customers for the years under appeal, less the amount ultimately paid to Kansas for all years under appeal; b. Remit any refunds due to ratepayers with interest;	Mark Kissinger Testimony at Section III, Volume 2

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Citation/Source of Requirement	**Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing**	**Section and Page of Application**
	c. Notify the Commission of any court rulings issued prior to the Commission's final order in this proceeding; and d. Make a compliance filing upon resolution of either the Minnesota property-tax appeal or the Kansas ad valorem tax litigation.	
	[Order Point 32] MERC shall take the following actions in preparing future class cost of service studies: a. collect data on additional variables that impact the unit cost of mains installation; b. avoid aggregating or averaging data and use data at the finest level reasonable; c. check ordinary-least-squares regression assumptions and correct for violations; and d. make any future zero-intercept analysis more transparent to ensure that MERC's work can be easily replicated.	Aaron Nelson Testimony at Section VI.C.2, Volume 2
	[Order Point 39] In the initial filings of future rate cases MERC shall continue to provide the data on winter construction charges required in earlier orders in Dockets 07-1188 and 08-835. [MERC must show, in the Companies' next general rate case, that no Winter Construction Charges were assessed to customers outside the tariffed Winter Construction Charges period (i.e., November 1 through April 1), and that no Winter Construction Charges incurred by the Companies from NPL, or any other winter construction contractor, outside the tariffed Winter Construction Charges period are proposed to be recovered from other ratepayers]	Amber Lee Testimony at IX, Volume 2
	[Order Point 40] In the initial filings of future rate cases MERC shall provide a schedule that reconciles the expenses in the cash working capital to the expenses in MERC's test-year Income Statement and shall base its cash-working-capital schedule on	Seth DeMerritt Testimony at Section III and Exhibit ___ (SSD-29), Volume 2

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
	number of days rather than percentages.	
	[Order Point 41] In the initial filings of future rate cases, MERC shall provide direct testimony explaining all large differences between base-year and test-year rate base, other income, and expense data.	Seth DeMerritt Testimony at Section II, Volume 2
	[Order Point 42] In the initial filing in future rate cases, the Company shall include the following: a. A summary spreadsheet that links together the Company's test-year sales and revenue estimates, its CCOSS, and its rate-design schedules; b. A spreadsheet that fully links together all raw data, to the most detailed information available and in a format that enables the full replication of MERC's process, that the Company uses to calculate the input data it uses in its test-year sales analysis; c. A bridging schedule that fully links together old and new billing systems, and demonstrates that there is no difference between the two billing systems, in the event the Company updates, modifies, or changes its billing system; d. Any, and all, data used for its sales forecast 30 days in advance of its next general rate case; and e. Detailed information sufficient to allow for replication of any and all Company-derived forecast variables.	Items a and c are addressed in Seth DeMerritt Testimony at Section II.C and Exhibits __(SSD-4), (SSD-5), and (SSD-32). Items b, d, and e are addressed in Matthew Czervionke Testimony, Volume 2 and MERC's Sales Forecast Pre-Filing in Docket No. G011/GR-17-563, submitted on
	[Order Point 43] In future rate cases, MERC shall change the CCRC rate at the beginning of the interim rates period and again at implementation of final rates.	Seth DeMerritt Testimony at Section IV.B, Volume 2
	[Order Point 44] In future rate-case filings, MERC shall meet the reporting requirements of Minn. Stat. § 216B.16, subd. 17, for all travel and entertainment expenses, including expenses related to employees working for MERC affiliates.	Seth DeMerritt Testimony at Section V, Volume 2 Informational Requirement

Citation/Source of Requirement	**Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing**	**Section and Page of Application**
		Document 14, Volume 3
	[Order Point 45] In future rate-case filings, MERC shall allocate any costs not specific to Minnesota based on the allocation factor MERC files in its direct testimony and identify which costs have been allocated.	Seth DeMerritt Testimony at Section V, Volume 2 Informational Requirement Document 14, Volume 3
G011/GR-13-617; G011/MR-13-732	**Authority to Increase Natural Gas Rates in Minnesota and New Base Cost of Gas**	
Order Authorizing MERC Final Rate Implementation (March 18, 2015)	Required MERC, in future rate cases, to file the following: • The Company's rate and revenue schedules both with and without the base cost of gas revenues; and • The Company's proposed CIP applicable Distribution Rates at a level high enough to cover the proposed CCRC factor.	Amber Lee Testimony at Section IV and Exhibit ___ (ASL-1), Schedules 2 and 4, Volume 2 Amber Lee Testimony at Section IV and Exhibit ___ (ASL-1) Schedule 1, Volume 2
G011/GR-13-617; G011/M-15-165; G,E999/CI-90-563	**2013 General Rate Case/ Petition by Minnesota Energy Resources Corporation for Approval to Modify Its Main and Service Extension Model and Amend Its Extension Tariffs**	
Findings of Fact, Conclusions, and Order (October 28, 2014) Order (July 13, 2015)	[Order Point 38] In the initial filings of future rate cases MERC shall continue to address the three Commission concerns referred to in its March 31, 1995 order regarding service-extension requirements and shall continue to address the six questions listed in that order. ORDER TERMINATING INVESTIGATION AND CLOSING DOCKET, In the Matter of an Inquiry into Competition Between Gas Utilities in Minnesota, Docket No. G-999/CI-90-563 (March 31, 1995). • That local distribution companies are applying their tariffs correctly and consistently; • That the additions are appropriately cost and load justified, and • That wasteful additions to plant and facilities are not allowed	Amber Lee Testimony at Section VII, Volume 2

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
	into rate base. With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions: • Should the "free" footage or service extension allowance include the majority of all new extensions with only the extremely long extensions requiring a customer contribution-in-aid-of construction (CIAC)? • How should the LDC determine the economic feasibility of service extension projects and whether the excess footage charges are collected? • Should the LDC's service extension policy be tariffed in number of feet without consideration to varying construction costs amongst projects or should the allowance be tariffed as a total dollar amounts per customer? • Is the LDC's extension charge refund policy appropriate? • Should customers be allowed to run their own service line from the street to the house (or use an independent contractor) if it would be less expensive than having the utility construct the line? • Should the LDC be required to offer its customers financing for service extension charges? This could be offered as an alternative to paying extension charges in advance of construction. [Order, pp. 5-6]	
G011/PA-14-664	**Request for Approval of the Merger Agreement Between Integrys Energy Group, Inc. and Wisconsin Energy Corporation**	
Order Approving Merger Subject to Conditions (June 25, 2015)	[Order Point 2] The Commission adopts the nine unnumbered conditions contained in Attachment A of the Company's April 3, 2015 filing, attached hereto. • MERC commits not to seek to recover in retail rates	Seth DeMerritt Testimony at Section VI, Volume 2

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
	transaction costs incurred to execute the proposed transaction, or the acquisition premium paid by WEC to Integrys as part of the Proposed Transaction. • MERC commits to maintain historic levels of community and charitable involvement. • MERC commits to maintain the same level of customer service after the Proposed Transaction. • MERC will not attempt to recover the acquisition premium or the costs of executing the proposed transaction from its utility customers. • MERC agrees with the OAG's position that all of the commitments that MERC made in its Minnesota filings are binding.	
	[Order Point 3] The Commission adopts the 23 conditions contained in Attachment C of the Department's April 20, 2015 filing, with modifications to condition 14.[1] • Identify all transaction, transition, and acquisition premium costs in an accounting system. • After closing, and in any rate proceeding decided within six years after the Transaction closing, the Applicant shall provide proof that no transaction costs are included in historical expenses of the operating utility or in the determination of revenue requirement. • Identify all transaction and transition costs in accounting system. • Push-down accounting related to the Reorganization will	Seth DeMerritt Testimony at Section VI, Volume 2; Lisa Gast Testimony at Section IV, Volume 2.

[1] Based on communications with Commission staff and the Department, it is MERC's understanding that none of the 23 conditions recommended by the Department are to be made MERC-specific, with the exception of the condition related to loaning or borrowing funds from MERC's post-acquisition parent. Rather, Commission staff and the Department wish to monitor the actions taken by the Illinois and Wisconsin utilities as a result of the merger, and are requiring MERC to file in Minnesota whatever related information those utilities file in those states.

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	only be used by the Wisconsin Operating Companies for financial reporting if required by Generally Accepted Accounting Principles (GAAP). Push down accounting related to the Reorganization will not be used by the Wisconsin Operating Companies for regulatory accounting or ratemaking purposes regardless of GAAP requirements. • Deny "push down" of acquisition premium and transaction costs for WEPCO and WPSC ratemaking purposes regardless of which entity records the costs, GAAP accounting requirements, and whether incurred before or after transaction closes. • Any accounting entries made to the books of the Gas Companies for push- down accounting related to the Reorganization shall be disregarded for ratemaking and regulatory reporting purposes. • Allocation of any savings resulting from the proposed reorganization shall flow through to ratepayers. • Transition costs may be recoverable to the extent the transition costs produce savings. • Prohibit MERC from loaning funds to or borrowing funds from its post-acquisition parent or other regulated subsidiaries except to the extent that such borrowing arrangements existed prior to approval of the Proposed Transaction or the transaction (i.e. the borrowing arrangement) costs less than other MERC alternatives. • The Commission shall as a condition of acquisition approval take continuing jurisdiction over the service company structure. • WEPCO, WG, and WPSC can recover acquisition-related transition costs from the Wisconsin retail jurisdiction, only if and to the extent such costs are: (a) incurred by or allocated to each of the utilities (each utilities portion or share of acquisition-related transition costs), (b) associated with	

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	financial benefits that each utility's ratepayers will receive as a result of the acquisition, and (c) the acquisition-related savings realized by each utility's ratepayers are equal to or greater than its acquisition-related transition costs.	
	[Order Point 4] If MERC's cost of debt increases during the next three calendar years, Minnesota ratepayers will be held harmless from any rate impact unless MERC can demonstrate that its increased cost of debt was not caused by the proposed transaction.	Lisa Gast Testimony at Section IV, Volume 2
	[Order Point 5] MERC may request recovery of transition costs if and only to the extent that MERC can demonstrate that the transition costs produce acquisition-related savings that are greater than the transition costs.	Seth DeMerritt Testimony at Section VI, Volume 2
	[Order Point 6] Regardless of whether a Commission review is performed, the cost of any acquisition condition from another jurisdiction subsequently found to have an adverse cost impact on Minnesota shall be absorbed by WEC Energy without recourse to, or reimbursement by, MERC.	Seth DeMerritt Testimony at Section VI, Volume 2
	[Order Point 8] If, in the future, Wisconsin Energy Group or its subsidiaries are downsized in any significant way, the absolute cost allocation to MERC shall not increase unless the Petitioners demonstrate that the cost allocation is just and reasonable.	Not applicable
	[Order Point 9] The Commission shall have approval authority over allocation methodology and factors. If the allocation methodology and factors ultimately approved by the Commission differ from those approved in other jurisdictions, the holding company should absorb any cost differentials.	Seth DeMerritt Testimony at Section II.E, Volume 2
	[Order Point 10] The Commission requests that the parties review MERC's Low Income Programs in future rate cases, to ensure that the programs continue to produce optimal benefits.	Amber Lee Testimony at Section XI, Volume 2
	[Order Point 11] MERC shall not defer transition costs.	Seth DeMerritt Testimony at Section VI, Volume 2

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	[Order Point 12] For severance and/or early termination costs, the Petitioners shall provide detailed information in any rate proceeding on each instance of severance and/or early termination, including the position, the reasoning, the costs and savings, etc., in sufficient detail for the Commission to make a determination on whether the cost is an unrecoverable transaction cost or a transition cost.	Seth DeMerritt Testimony at Section VII, Volume 2
	[Order Point 13] MERC may request recovery of transition costs only to the extent that MERC can demonstrate that the transition costs produce acquisition-related savings that are greater than the transition costs.	Seth DeMerritt Testimony at Section VI, Volume 2
	[Order Point 14] MERC shall request and obtain Commission approval pursuant to Minn. Stat. § 216B.48 and/or Minn. Stat. § 216B.49 before it includes any debt provided by its parent companies in its capital structure.	Lisa Gast Testimony at Section IV, Volume 2
	[Order Point 15] In its performance of services, the service company: (a) shall follow applicable federal and state regulation, including codes and standards of conduct; (b) shall not give one or more entities in the corporate structure a competitive advantage in relevant markets; (c) shall not subsidize WEPCO, WG, and/or WPSC or cause MERC to subsidize an affiliate; and (d) may include a return on its net assets at a rate no higher than the appropriate weighed cost of capital for MERC.	Seth DeMerritt Testimony at Section II, Volume 2
	[Order Point 17] Within the next five years, MERC shall demonstrate that no part of any requested rate increase is a result of the merger.	Seth DeMerritt Testimony at Section VII, Volume 2
	[Order Point 18] MERC shall report, for five years, any operational changes in Minnesota, including any personnel reduction or reorganization of field operations that could have more than a de minimis impact on service quality.	Mary Wolter Testimony at Section VIII, Volume 2
G011/GR-15-736	**2015 General Rate Case**	
Findings of Fact, Conclusions, and Order (October 31, 2016)	[Order Point 2] The Commission accepts, adopts, and incorporates the findings, conclusions, and recommendations of the Administrative Law Judge, except as set forth herein.	Matthew Czervionke Testimony at Section II, Volume 2

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
	• ALJ Findings of Fact, Conclusions, and Recommendations at ¶ 356: The Department, however, raised concerns about MERC's energy sales and customer counts for various rate classes to set the stage for MERC to work with the Department on the sales forecast between now and MERC's next rate case. • ALJ Findings of Fact, Conclusions, and Recommendations at ¶ 357: MERC agreed to confirm that, in future forecast pre-filings, all relevant data files will be provided to the Department. • ALJ Findings of Fact, Conclusions, and Recommendations at ¶ 358: MERC and the Department agreed that issues raised regarding MERC's forecasting methodology could reasonably be worked out before MERC's next rate case. MERC is committed to working with the Department to address the Department's comments and to develop a sales forecast that is reasonable and acceptable and to provide the appropriate information to the Department in MERC's next rate case filing.	
	[Order Point 2] The Commission accepts, adopts, and incorporates the findings, conclusions, and recommendations of the Administrative Law Judge, except as set forth herein. • ALJ Findings of Fact, Conclusions, and Recommendations at ¶446-447: The Department further recommended that in MERC's next rate case, MERC be required to provide detailed information regarding the status of the Mapping Project and associated costs, including: (1) a full discussion of both phases of the Mapping Project; (2) the status of the Mapping Project; (3) the actual costs by year and the	Seth DeMerritt Testimony at Section II.D, Volume 2

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	reasons for variances from forecasted amounts beginning with 2016; (4) the projected costs in the test year and how determined; (5) the actual and projected costs and how determined for the year immediately before the test year; (6) the portion of that year's costs performed by external contractors by year; and (7) any other evidence to support for MERC's Mapping Project costs. During the evidentiary hearing, MERC agreed with the Department's recommendation to establish a test year Mapping Project cost of $600,000 (with the downward adjustment of $36,108), and with the Department's recommended reporting requirements in MERC's initial filing in its next rate case. • ALJ Findings of Fact, Conclusions, and Recommendations at ¶449:The Administrative Law Judge finds that a 2016 test year Mapping Project cost of $600,000 is reasonable and recommends that MERC be required to provide the Mapping Project information requested by the Department in the initial filing of its next rate case.	
	[Order Point 3] The Commission clarifies that (1) the 2016 former-manufactured-gas-plant costs will be deferred and amortized rather than expensed in the test year; and (2) MERC's post-2014 former-manufactured-gas-plant cleanup costs will be subject to review for prudence and reasonableness	Brian Bartoszek Testimony, Section II, Volume 2
	[Order Point 8] MERC shall provide the following information with its initial filing of its next rate case: a. An update on the decision process for WEC legacy utilities to implement the ICE system, fully justifying any decision for the WEC legacy utilities not to use ICE; b. If a process has been implemented to explore the idea, or an actual timeline has been established for WEC legacy utilities to	Mary Wolter Testimony in Section VIII.A, Volume 2; Brian Kage Testimony in Section II, Volume 2.

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
	adopt ICE, MERC shall provide a detailed discussion of the status, along with a proposal to reimburse Minnesota ratepayers for their share of the ICE system (deferred and ongoing costs; and c. If MERC does not provide this information in its initial filing in its next rate case, the initial rate-case filing shall be considered incomplete.	
	[Order Point 12] Regarding Class-Cost-of-Service Studies (CCOSSs), MERC shall do the following: a. In preparation for MERC's next CCOSS, MERC shall i. Collect project-specific data on installation footage, pipe diameter, and cost; ii. Research and, as soon as possible, begin collection of distribution-asset retirement at the same project-level detail; and iii. Explore the use of this project-specific data in its Zero Intercept CCOSS in future rate-case filings. b. In MERC's next rate case, MERC shall i. Provide a substantive explanation and justification of its classification and allocation methods when it files its CCOSS in the next rate case. ii. File CCOSSs using the following methods: • Average and Excess • Basic System • Minimum Size • Zero Intercept	Aaron Nelson Testimony at Section VI.C.2, VI.D, Volume 2

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	[Order Point 14] Regarding customer charges, b. In its next rate case, MERC shall propose to conform the customer charges in its Albert Lea area to the current customer charges assessed to its other customers. c. The former IPL customers be fully transitioned to MERC customer charges in the Company's next rate case. To allow for a transition period, MERC has agreed to hold Residential, SC&I, LC&I, SVI/SVJ Sales, and LVI/LVJ Sales customer charges unchanged in its next rate case proceeding.	Amber Lee Testimony at Section IV.B, Volume 2
	[Order Point 15] Regarding revenue decoupling: a. The Commission extends MERC's pilot revenue-decoupling program for another three years. c. MERC shall address the merits of extending its revenue-decoupling mechanism to other customer classes as follows: ii. In its next rate case, MERC shall demonstrate why extending its decoupling program to other rate classes with more than 50 members would not be reasonable. d. MERC shall address the decline in energy conservation from the Residential class as follows: ii. In its decoupling evaluation report or in its initial filing of its next rate case, MERC shall include an analysis demonstrating the reasonableness of maintaining MERC's decoupling program given the evidence that the level of savings generated by the Residential customer class has declined while the program has been in effect. iii. MERC should be required in its next rate case to	Seth DeMerritt Testimony at Section VIII, Volume 2 Amber Lee Testimony at Section VI, Volume 2

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	demonstrate why extending decoupling to all customer classes is not reasonable and should be required in its next rate case or at the end of its decoupling pilot to demonstrate why continuing its RDM is reasonable given that its Residential energy savings have fallen, not increased.	
	[Order Point 16] Regarding MERC's Joint Rate Service: b. In its next rate case, MERC shall provide an analysis to fully evaluate the allocation of demand costs in its Joint Rate Service. This analysis shall include a proposal for an appropriate CCOSS allocation and daily firm capacity (DFC) charge calculations.	Amber Lee Testimony at Section IV.D, Volume 2 (phasing out the DFC)
	[Order Point 17] MERC shall continue its farm-tap safety inspection program and shall a. Continue to send farm-tap safety and information brochures to new farm-tap customers before they take service and to all exiting farm customers annually; and c. File with the Commission, the Department, and the Minnesota Office of Pipeline Safety, within 90 days of the end of each five-year inspection cycle and in each general rate case, a five-year report including cumulative results of the inspection program and any recommendations for future improvements.	Amber Lee Testimony at Section II, Volume 2
	[Minutes from September 29, 2016 Hearing, Docket No. G011/GR-15-736] [The Commission voted to take the following action, which is not reflected in its Findings of Fact, Conclusions and Order] 18. Require MERC to make a compliance filing upon resolution of the Minnesota property tax appeal. 19. Refund the amount of Minnesota property taxes collected from customers for the years under appeal, less the amount ultimately	Mark Kissinger Testimony at Section III, Volume 2

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
	paid to Minnesota for all years under appeal. 20. Remit any refunds due to ratepayers with interest.	
G011/AI-16-284	**Petition for Approval of the WEC Energy Group Affiliated Interest Agreement of Minnesota Energy Resources Corporation**	
Order (November 29, 2016)	MERC is put on notice that it should be prepared to demonstrate in the Company's next rate case that its proposed allocation methods provide similar results compared to the Commission's preferred general allocation method, or that the Company's method better serves the public interest.	Seth DeMerritt Testimony at Section II.E, Volume 2
	Required the Company to file in its next general rate case, Direct Testimony demonstrating continued compliance with the Commission's 1008 Docket requirements and support that the Company's cost assignments and cost allocations continue to be reasonable.	Seth DeMerritt Testimony at Section II.E, Volume 2
G011/M-16-654; **G011/M-16-655**	**Petition of Minnesota Energy Resources Corporation for Approval for Recovery of Natural Gas Extension Project Costs through a Rider and for Approval of a New Area Surcharge for the Balaton (16-654) and Esko Projects (16-655)**	
Order Approving Cost Recover for New Area Surcharge Tariffs for Balaton and Esko Projects (February 9, 2017)	[Order Point 2] The Commission approves a regulatory asset for MERC to allow MERC to recover the remaining Balaton costs, $488,516, in its base rates in the next rate case. MERC may charge the cost of short-term debt for the regulatory asset.	Seth DeMerritt Testimony at Section II.A, Volume 2
	[Order Point 4] The Commission approves a regulatory asset for MERC to allow MERC to recover the remaining Esko costs, $733,297, in its base rates in the next rate case. MERC may charge the cost of short-term debt for the regulatory asset.	Seth DeMerritt Testimony at Section II.A, Volume 2
G011/M-15-895; **G011/M-16-315**	**Petition by Minnesota Energy Resources Corporation for Evaluation and Approval of Rider Recovery for Its Rochester Natural Gas Extension Project**	

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
Order Approving Rochester Project and Granting Rider Recovery with Conditions (May 5, 2017)	[Order Point 2] The Commission grants MERC's requested preapproval to recover Phase II costs of up to $44 million through the combination of an NGEP rider and base rates, with the understanding that the Company retains the burden in future rate proceedings to demonstrate that the project was implemented reasonably and prudently and to justify any alterations in the cost of the individual items that made up the total $44 million Phase II estimate.	Amber Lee Testimony at Section III, Volume 2
	[Order Point 3] The Commission grants MERC's requested preapproval to recover the cost of Northern Natural Gas (NNG) upgrades of $55 to $60 million through its MERC-NNG Purchased Gas Adjustment (PGA) until the Company's next rate case.	Amber Lee Testimony at Section III, Volume 2
	[Order Point 4] The Commission imposes a soft cap of $44 million on recovery of Phase II costs and places the burden of proof on MERC to establish the reasonableness of any costs that exceed the cap.	Amber Lee Testimony at Section III, Volume 2
	[Order Point 8] In its next general rate case, MERC shall provide a discussion and analysis of its current interruptible and transportation rate structure, including cost-allocation methodologies, explaining the impact of excess Rochester capacity.	Amber Lee Testimony at Section III, Volume 2 Aaron Nelson Testimony at XI, Volume 2
G007,011/GR-10-977	**2010 General Rate Case**	
Order (December 21, 2012)	[Order Point 15] Requires MERC, in future general rate cases, to prepare and submit its filings (i.e., testimony) so that these filings reflect the financial adjustments to the Company's positions in pre-filed direct testimony.	On-going throughout rate case proceeding
G007,011-GR- 08-835	**2008 General Rate Case**	
Findings of Fact, Conclusions of Law, and Order (June 29, 2009)	In future Class Cost of Service Studies filed in general rate cases, the Company shall allocate income taxes on the basis of the taxable income attributable to each customer class, not on the basis of rate base.	Aaron Nelson Testimony at Sections II, X, Volume 2 Informational Requirement Document 12, Volume 3

Citation/Source of Requirement	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	Section and Page of Application
	In future Class Cost of Service Studies filed in general rate cases, the Company shall include an explanatory filing identifying and describing each allocation method used in the study and detailing the reasons for concluding that each allocation method is appropriate and superior to other allocation methods considered.	Aaron Nelson Testimony at Section II and throughout testimony, Volume 2 Informational Requirement Document 12, Volume 3
U999/CI-92-96	**Accounting and Ratemaking Effects of the Statement of Financial Accounting Standard No. 106**	
Order Adopting Accounting Standard and Allowing Deferred Accounting (September 22, 1992)	Utilities filing future rate cases must file, in addition to information regarding the funding method they have chosen for OPEB obligations, detailed evidence and arguments supporting and justifying the choice of their funding methods over funding alternatives.	Seth DeMerritt Testimony at Section II, Volume 2
G011/CIP-16-120	**2017-2019 Triennial Conservation Improvement Program**	
Minnesota Energy Resources Corporation's 2017-2019 Natural Gas Conservation Improvement Program Triennial Plan Deputy Commissioner Decision (November 3, 2016)	Test year CIP expenses used to calculate the CCRC are consistent with the expenses proposed in MERC's 2017-2019 Natural gas Conservation Improvement Program Triennial Plan. MERC's 2018 budget , energy savings, and participation goals were approved by decision dated November 3, 2016. (Approved savings: 541,514 Dth; Approved spending: $12,233,774; Approved participation: 31,769).	Seth DeMerritt Testimony at Sections IV.A, IV.B, Volume 2
G011/M-15-992	**Petition for Authorization to Establish Amortization Periods Related to Pre-Acquisition Pension and Other Postretirement Benefits Costs**	
Order Approving Amortization of Qualified Amounts (March 8, 2017)	[Order Point 1] MERC shall amortize the pension and other post-employment benefit assets and liabilities realized upon the Wisconsin Energy Group merger with Integrys Holding, Inc., after identifying and excluding all non-qualified plan amounts. [Order Point 3] MERC shall transfer to its balance sheet its share of the Integrys Business Services legacy benefit plans costs allowed	Seth DeMerritt Testimony at Sections II.A, II.D, Volume 2

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	in paragraph 1, add this amount to the MERC-specific allowed costs, and amortize the combined balance over 14 years. The amortization shall be calculated to begin as of January 1, 2016. [Order Point 4] MERC shall account for the pre-acquisition pension and OPEB costs it is being allowed to amortize in a manner reflecting that those costs are not eligible to be included in rate base.	

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FILING REQUIREMENTS NO LONGER APPLICABLE

MERC includes in this table filing requirements that either were identified as not applicable in its last general rate case filing, or that were addressed in Docket No. G011/GR-15-736 and are not applicable to this rate case filing.

	Information Required Under Commission Orders Addressed Or Used To Determine Cost of Service in This Filing	**Applicability of Requirement**
Docket Number/Name of Order	**Name of Proceeding**	
G007,011/PA-13-201	**Approval of Chatfield Property Acquisition**	
Order (May 20, 2013)	Costs will be subject to review for prudence in MERC's next rate case, and any of the costs of the new building may be disallowed if they exceed MERC's estimates.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Seth S. DeMerritt.
G011/PA-14-437	**Approval of Caledonia Property Acquisition**	
Order (October 13, 2014)	These costs will be subject to review for prudence in MERC's next rate case, and any of the costs of the proposed property acquisition may be disallowed if they exceed MERC's estimates.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Seth S. DeMerritt
G007,011/AI-12-910	**Approval of Modification to Integrys Business Support Affiliated Interest Agreement**	
Order Approving Changes to Affiliated Interest	[Order Point 2] In the initial filing of its next rate case, Minnesota Energy Resources Corporation shall include the following: • A schedule providing a year-by-year description and explanation	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2013

Agreement	of all changes to the new Composite Allocator since this allocator was established. • A schedule that shows how this allocator has changed for each Integrys jurisdiction that receives an allocation of cost since Integrys established this new Composite Allocator, and the amount of costs allocated to each jurisdiction by the allocator.	rate case, Docket No. G011/GR-13-617, in the Direct Testimony and Schedules of Tracy L. Kupsh.
G999/AA-14-580; G011/AA-14-754; G011/AA-14-755	**2013-2014 Annual Automatic Adjustment Reports and Purchased Gas Adjustment True-up Filings**	
AAA Order (August 24, 2015)	[Order Point 5] MERC shall, in its next general rate case, update its tariff from a $20 per dekatherm curtailment penalty to a $50 per dekatherm penalty.	This requirement is no longer applicable. MERC provided the requested information in the initial filing of its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules Amber S. Lee.
	[Order Point 6] MERC shall, in its next general rate case, update its Transportation-for-Resale tariff to clarify that the end-use customers for this service are firm customers and cannot be interrupted.	This requirement is no longer applicable. MERC provided the requested information in the initial filing of its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules Amber S. Lee.
G001,011/PA-14-107	**Request for Approval of the Asset Purchase and Sale Agreement Between Interstate Power and Light Company and Minnesota Energy Resources Corporation**	
Order Approving Sale Subject to Condition (December 8, 2014)	[Order Point 4] MERC shall continue to maintain the IPL purchased gas adjustment for transitioned IPL ratepayers until MERC's next rate case and, at that time, MERC shall reconcile the two fuel supply systems into one.	MERC provided the requested information in the initial filing of its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Richard W. Quick.
	Proposal to transition IPL customers to MERC's customer charges.	MERC provided the requested information in the initial filing of its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Amber S. Lee. In its 2015 rate case

		Order, the Commission required all former IPL customers to be fully transitioned to MERC customer charges in the Company's next rate case.
	Former Manufactured Gas costs of approximately $2,600,000 incurred and unrecovered by IPL would be transferred to MERC as a regulatory asset, and the costs would be subject to prudency review during MERC's rate case.	MERC addressed the FMGP costs in the initial filing of its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Seth S. DeMerritt. The Commission's 2015 rate case Order required that MERC's post-2014 FMGP cleanup costs will be subject to review for prudence and reasonableness in the Company's next rate case.
	[Order Point 6] MERC shall file copies of any communications it has with the transitioned IPL customers through the end of MERC's next rate case.	MERC provided the required information in its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Seth S. DeMerritt.
G999/CI-09-409	**Gas Utility Service Quality Standards**	
Order Setting Reporting Requirements (August 26, 2010)	MERC shall also provide in its first report, or in its next rate case, whichever is filed first, a status report on the implementation of telemetering for its Small Volume, Large Volume, and Super Large Volume customers, as well as the status of automated meter reading, if applicable, for its other customers.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of Gregory J. Walters. As explained in that testimony, MERC has completed the installation of all the telemetering for its interruptible and 9 transportation customers (i.e. Small Volume, Large Volume, and Super Large Volume). MERC does not intend to pursue the installation of automated meter reading ("AMR") for its other customers at this time because it is not

		an economically feasible option. MERC will continue to evaluate the feasibility of AMR in the future.
G011/GR-13-617	**2013 General Rate Case**	
Findings of Fact, Conclusions, and Order (October 28, 2014)	[Order Point 3] The Commission adopts the recommendation of the Administrative Law Judge and approves the continuation of the farm tap inspection program, clarifying as follows. a. The Company shall continue to send farm-tap safety and information brochures to new farm-tap customers before they take service and to all existing farm-tap customers annually.	This requirement was addressed in MERC's 2015 rate case, Docket No. G011/GR-15-736, and the same farm-tap customer communication and service requirements were imposed in the Commission's 2015 rate case Order.
	[Order Point 16] The Company shall track rate-case expense recoveries exceeding the authorized test-year expense, for possible crediting against the revenue requirement in the next rate case.	This requirement was addressed in MERC's 2015 rate case, Docket No. G011/GR-15-736.
	[Order Point 19] MERC shall remove IBS customer-relations test-year expense of $322,226 plus $29,070 for depreciation and return on cross charges and instead defer its actual IBS customer-relations expense plus actual depreciation and return on cross charges as a regulatory asset with deferred accounting treatment, with the following conditions: a. The ICE 2016 project expenses shall not be included in rate base as the project is not used and useful at this time; MERC did not include the expenses as construction work in progress. b. Any discussion of amortization period shall be resolved during MERC's next rate case. c. The deferred expenses shall be subject to a reasonableness review in MERC's next rate case.	This requirement is no longer applicable. The Commission reviewed MERC's ICE project in MERC's 2015 rate case, Docket No. G011/GR-15-736, and imposed superseding requirements to be addressed in the Company's next rate case.
	[Order Point 33] MERC shall submit two class cost of service studies in its next rate case, one based on the zero-intercept method and the other on the minimum-size method.	This requirement is no longer applicable. MERC provided the required information in the initial filing for tis 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony of Joylyn C. Hoffman

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	[Order Point 34] The Company shall work with the Department to address and resolve concerns regarding Joint Rate Service identified in Section III of this order and shall make a compliance filing reporting on those efforts within 90 days of the date of this order. MERC submitted a compliance filing in Docket No. G011/GR-13-617 on March 20, 2015, proposing to include a request to modify its joint service rates in its next rate case to address the concerns raised by staff. The Commission approved MERC's compliance filing and proposal to include joint service revisions in its next rate case in an Order dated May 12, 2015, in Docket No. G011/GR-13-617.	This requirement is no longer applicable. The Commission approved MERC's proposed changes to its Joint Rate Service in MERC's 2015 rate case in Docket No. G011/GR-15-736 and imposed superseding requirements with respect to MERC's Joint Rate Service in that case as well.
	[Order Point 36] In the initial filing in its next rate case, the Company shall provide a schedule showing the test year monthly depreciation expense calculations and shall show by FERC account the average monthly plant balance, depreciation rates used, monthly depreciation expense, and totals.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Seth S. DeMerritt..
	[Order Point 37] In the initial filing in its next rate case, MERC shall include a detailed breakdown of all deferred costs relating to development of Integrys' customer-relations service, Integrys Customer Experience.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2015 rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Seth S. DeMerritt.
G007,011/GR-10-977	**2010 General Rate Case**	
Order Accepting Audit Report and Requiring Annual Deferral (May 23, 2013)	[Order Point 3] MERC shall establish a regulatory liability and annually defer the $9,710 with carrying costs for refund to customers in MERC's next rate case.	This requirement is no longer applicable. In accordance with Commission Order, MERC reduced the revenue deficiency in its 2013 rate case by the amount deferred inclusive of carrying charges.
	[Order Point 8] The Company shall track rate case expense recoveries exceeding the authorized test-year expense, for possible	This requirement is no longer applicable. In MERC's 2013 rate case, Docket No.

	crediting against the revenue requirement in the next rate case.	G-011/GR-13-617, MERC proposed new rates to take effect January 1, 2014, inclusive of MERC's rate case expenses in the 2013 rate case docket. Therefore, no recovery for rate case expenses authorized in Docket No. G007,011/GR-10-977 was included in the 2013 rate case.
	[Order Point 14] In its next rate case, the Company shall fully support the reasonableness of having ratepayers pay 100% of its pension obligation.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of Noreen E. Cleary. In its Order in MERC's 2013 rate case, the Commission required MERC to calculate test-year pension expense using a discount rate equal to the five-year historical average of discount rates.
G007,011-GR-08-835	**2008 General Rate Case**	
Order After Reconsideration (September 14, 2009)	MERC shall:	
A.	File in its next general rate case the Commission's required demonstration regarding the appropriateness of the general allocators for the allocations between MERC and Integrys Business Support, and for the allocations between MERC's regulated utility business and MERC's nonregulated home services business.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of Tracy L. Kupsh and Gregory J. Walters. MERC did not use the Commission's preferred general allocation method in the

		2013 rate case. However, MERC did not seek to recover the difference in costs calculated using the General/Corporate Allocation method in the Regulated AIA and the Commission's preferred general allocation method. Because the two methods produced similar results and MERC sought to recover the smaller amount provided by the Commission's preferred allocation method, the Department concluded that MERC's approach was reasonable.
B.	(1) Work with the OES and other interested parties in advance of its next rate case filing and any other dockets (including demand entitlement filings) that require sales or revenue forecasting, to ensure that it has adequate sales and revenue data, its forecasting technique is based on industry standards, and it has sufficient evidence substantiating its data and forecasting technique; (2) prepare summary spreadsheets that link together its test year sales and revenue estimates, the CCOSS and its rate design schedules, and provide these in its initial filing; and (3) separate sales and revenue forecasts by individual rate classes, for each of its Purchased Gas Adjustment systems.	MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of Harry W. John, Gregory J. Walters, and Seth S. DeMerritt. Although MERC agreed to use the Department's alternative sales forecast in the 2013 rate case proceeding, MERC did not agree that its forecasting model was inappropriate. Nonetheless, MERC and the Department agreed to work together to address future sales forecasting methodology and the Commission's Order in the 2013 rate case included detailed sales forecasting requirements.
C.	If it uses a forecast for its test-year financials, disclose the forecast and support it through company witnesses and work papers.	MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of Christine M. Hans, Seth S. DeMerritt, Harry W. John, Lisa J. Gast, Tracy L.

		Kupsh, John R. Wilde, and Michael E. Gerth.
D.	Include in its filing its most recent five-year farm tap inspection report, discuss the results of the report, and include any recommendations for improvement of the program.	MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of David G. Kult. The Commission approved the continuation of the farm tap inspection program in the 2013 rate case and included in its Order farm tap requirements that are applicable in MERC's future rate cases.
E.	File testimony on whether winter construction charges were assessed to customers outside the winter construction period.	MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of David G. Kult. In its Order in the 2013 rate case, the Commission required MERC to include in the initial filings of future rate cases the data on winter construction charges required in earlier orders in dockets 07-1188 and 08-835.
F.	Retain records pertaining to all abnormal construction charges, including frost charges out of the winter construction period, and provide a list summarizing each such charge in its next rate case filing.	MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of David G. Kult. In its Order in the 2013 rate case, the Commission required MERC to include in the initial filings of future rate cases the data on winter construction charges required in earlier orders in dockets 07-1188 and 08-835.
G.	Retain the documentation needed to substantiate in the next rate	This requirement is no longer applicable.

	case filing the reasonableness of any charges for materials assessed in situations where tampering has occurred and any new materials are needed for reconnection of gas service.	MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G-011/GR-13-617, in the Direct Testimony and Schedules of David G. Kult.
H.	Have available at the time of the next rate case documentation providing the information required by the Company's approved extensions tariff, including the feasibility model exhibit.	This requirement is no longer applicable. MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G011/GR-13-617, in the Direct Testimony and Schedules of David G. Kult.
I.	Work with OES and Commission Staff prior to the filing of the next rate case to develop an acceptable format, supporting workpaper references, and organization of the information specified in the filing requirements.	This requirement is no longer applicable. As required by the Commission, MERC employee Seth S. DeMerritt worked with OES and Commission Staff prior to the filing of MERC's 2013 rate case to develop an acceptable format, supporting workpaper references, and organization of the information specified in the filing requirements.
G011/GR-13-617	**Authority to Increase Natural Gas Rates in Minnesota**	
Order (May 12, 2015) (MERC's Joint Service Rates Compliance Filing and Proposal for Resolving Joint Service Rates Issues in Its Next Rate Case)	Approved MERC's Compliance filing and MERC's proposal to include joint service rate revisions in its next rate case.	The Commission, in MERC's 2015 rate case, Docket No. G011/GR-15-736, approved MERC's proposed changes to its Joint Rate Service.
G011/GR-13-617; G011/MR-13-732	**Authority to Increase Natural Gas Rates in Minnesota and New Base Cost of Gas**	
	With the filing of the Company's next rate case, MERC (or its successor) shall file such preliminary (if the internal audit is not yet	MERC provided the requested information in the initial filing of its 2015

	complete) or final internal audit findings as are available.	rate case, Docket No. G011/GR-15-736, in the Direct Testimony and Schedules of Seth S. DeMerritt.
G007,011/GR-10-977	**2010 General Rate Case**	
Findings of Fact, Conclusions and Order (July 13, 2012).	[Order Point 7] The Commission adopts the recommendation of the Administrative Law Judge and approves the continuation of the farm tap inspection program, clarifying as follows. (C) Within 90 days of the end of each five-year inspection cycle and in each general rate case, the Company shall file with the Commission, the Department, and the Minnesota Office of Pipeline Safety a five-year report including cumulative results of the inspection program and any recommendations for future improvements.	MERC provided the requested information in the initial filing for its 2013 rate case, Docket No. G011/GR-13-617, in the Direct Testimony and Schedules of David G. Kult. The Commission approved the continuation of the farm tap inspection program in the 2013 rate case and included in its Order farm tap requirements that are applicable in MERC's future rate cases.
G007,011/GR-10-977	**2014 Decoupling Evaluation Report**	
Order (August 11, 2015)	Instructed MERC to include pre-filed direct testimony in its next rate case on revenue decoupling that discusses extending revenue decoupling to all of its customer classes that explains why MERC believes including these customers in the RDM is or is not in the public interest.	MERC provided the requested information in the initial filing for its 2015 rate case, Docket No. G011/GR-13-617, in the Direct Testimony and Schedules of Seth S. DeMerritt. Moreover, the Commission imposed requirements regarding revenue decoupling that are applicable to MERC's future rate cases in its 2015 rate case Order.
G007,011/GR-00-951	**2000 General Rate Case**	
Stipulation and Agreement (March 31, 2003)	Aquila Networks will separately maintain the financial data needed for each system to conduct a separate CCOSS for each system in the next rate case. (Page 36)	This requirement is no longer applicable. This requirement is not applicable to MERC, which acquired Aquila, Inc.'s Minnesota gas operations on July 1, 2006.
G007,011/AI-06-1052	**Affiliated Interest Agreement Between WPS Resources Corporation and Its Public Utility Subsidiaries**	
Order (March 18,	Put MERC on notice that it should be prepared to demonstrate in the	This requirement has been superseded by

2008)	Company's next rate case that its Category 1 allocation method provides similar results compared to the Commission's preferred general allocation method, or that the Company's method better serves the public interest.	the requirement in Docket No. G-007,011/AI-07-779, Formation of Integrys Business Support, LLC. Integrys Business Support, LLC was formed as a centralized service company on January 1, 2008.
G007,011/ M-08-271	**Request to Consolidate PGAs**	
Order (April 16, 2010)	In its next rate case or miscellaneous rate filing, if that rate case or miscellaneous rate filing includes the request to consolidate its PGAs, MERC shall include information that: a. fully describes the physical flow and extent of integration of the pipeline system; b. addresses whether there will be inter-pipeline or inter-regional subsidy as a result of consolidation; and c. addresses whether any changes in the conditions of service are sufficiently gradual to avoid drastic rate changes (rate shock) to customers.	This requirement is no longer applicable. The Commission approved MERC's request to consolidate its four gas-cost recovery and PGA systems into two new PGAs in MERC's last rate case, Docket No. G-007,011/GR-10-977.
	At least 60 days prior to filing its request to consolidate its PGAs either in a rate case or other filing, MERC shall meet with the OES, Commission staff, and any other interested parties to discuss the proposal and clarifying any concerns raised by other parties.	This requirement is no longer applicable. The Commission approved MERC's request to consolidate its four gas-cost recovery and PGA systems into two new PGAs in MERC's last rate case, Docket No. G-007,011/GR-10-977. A meeting was held August 18, 2010.
	In its next rate case or miscellaneous rate filing, if that rate case or miscellaneous rate filing includes the request to consolidate its PGAs. MERC shall include all the necessary Work Papers and documentation to support all the claims made as to why it is in the ratepayer's interest to consolidate the PGAs.	This requirement is no longer applicable. The Commission approved MERC's request to consolidate its four gas-cost recovery and PGA systems into two new PGAs in MERC's last rate case, Docket No. G-007,011/GR-10-977.
G007,011/AI-08-1376	**Approval of Modifications to Integrys Business Support Affiliated Interest Agreement**	

Order (May 26, 2009)	Accept the changes to the Master AIA as proposed by MERC subject to the condition that the Company is required to provide evidence of the reasonableness of the cost allocation factors used in all subsequent rate cases.	This requirement has been superseded by the requirement in Docket No. G-007,011/AI-12-910, Approval of Modification to Integrys Business Support Affiliated Interest Agreement.
G007,011/D-09-630	**Request for Certification of Depreciation Rates**	
Order (December 18, 2009)	Depreciation expense reflects the rates approved in this docket. [Superseded by 12-533]	This requirement has been superseded by the requirement in Docket No. G007,011/D-12-533, Approval of Five Year Depreciation Study.
G007,011/D-12-533	**Request by Minnesota Energy Resources Corporation for Approval of its Five-Year Depreciation Study**	
Order Certifying Depreciation Rates and Methods with Modifications, Requiring Filing (July 29, 2013)	MERC shall separately document its accumulated depreciation reserve in its next rate case to recognize the higher level of depreciation.	MERC provided the requested information in the initial filing of its 2015 rate case, Docket No. G011/GR-15-736, as part of its Informational Requirements.
G007/CIP-09- 803; G011/CIP-09- 800	**2010-2012 Triennial Conservation Improvement Program**	
Decisions (December 14, 2009 and January 29, 2010)	Test year CIP expenses used to calculate the CCRC are consistent with the expenses approved for 2011 in these dockets.	This requirement has been superseded by the requirement in Docket No. G-007,011/CIP-12-548, 2013-2015 Triennial docket.
E,G-999/CI-08- 132	**Revenue Decoupling Criteria for Pilot Proposals**	
Order (June 19, 2009)	All utility decoupling pilot proposals under Minn. Stat. 216B.2412 shall provide the following information in the initial filing: 1. Purpose: All utilities shall state how their proposed decoupling mechanism adheres to the guiding statute. Each utility shall explain the purpose of their mechanism in the context of the Next Generation Energy Act of 2007's energy savings goals and how their mechanism will further the state policy of	This requirement is no longer applicable. The Commission approved MERC's request for full revenue decoupling pilot program in MERC's last rate case, Docket No. G-007,011/GR-10-977. Pursuant to Order Point 11 of the Order in Docket No. G-007,011/GR-10-977, MERC

	increased conservation investment. 2. Form: All utilities shall state the form of decoupling proposed and the purpose behind such choice. This should provide a detailed definition of what types of sales changes are included in the mechanism, i.e. weather-related sales changes, declining use per customer, etc., and the reason for such inclusion. 3. Cost of Capital: All utilities shall detail how their proposed mechanism will/will not impact the company's cost of capital. 4. Classes Included: All utilities must identify the rate classes involved in the pilot, as well as provide rationale for the inclusion of participating classes and the exclusion, if any, of other classes. 5. Mechanics: All utilities must provide precise detail on how the decoupling mechanism will operate, with the understanding that any decoupling pilot program be transparent and easy to follow from a customer perspective. Details to be provided are as follows: A. how rate adjustments will be calculated; B. when rate adjustments will be made; C. whether a rate cap or collar is provided to mitigate the risk of rate shock and justification for not so providing if a proposal lacks such safeguards; D. what portion of the customer's bill will be impacted by the true-up (volumetric vs. customer charge); E. how will the rate adjustment be displayed on the customer's bill; F. length of pilot (with the understanding that no pilot may extend longer than 36 months except through implementation in a rate case); G. how the decoupling mechanism will work in concert with any automatic recovery mechanism or financial incentive; this evaluation requires that all utilities provide a list of all automatic recovery mechanisms and incentives as well as justification for any such	shall file annual reports to the Commission that specify the Revenue Decoupling Mechanism (RDM) adjustment to be applied to each rate class for the billing period and demonstrate annual progress toward achieving the 1.5% energy efficiency goal set forth in Minn. Stat. § 216B.241.

	mechanism/incentive that the utility plans to continue throughout the course of the pilot including an explanation as to how the decoupling pilot mechanism, coupled with any other automatic adjustments and incentives, will not result in double recovery. 6. Service Quality: All utilities must provide detail, consistent with other service quality documentation, on how the utility plans to measure and maintain service quality under the pilot program. Phone answer time, gas emergency response time, missed appointments for service installations, time to reconnect service, and number of customers disconnected for non-payment should all be addressed in a pilot service quality evaluation. 7. Review: All utility pilot proposals shall be reviewed yearly. If the Commission determines that the pilot is harming ratepayers and/or failing to meet objectives, the Commission may suspend the pilot at any time or recommend modifications. As part of this annual review, all utilities shall provide information that shall be specified in an evaluation plan established as part of the pilot plan that shall include, but not be limited to the following information: A. total adjustments by class B. total adjustment charges collected C. number of customer complaints D. has the pilot stabilized revenues for the class(es) under the pilot and how has such stabilization impacted the utility's overall risk profile E. comparison of how revenues under traditional regulation would have differed from those collected under the decoupling pilot F. is the utility meeting energy efficiency savings goals? has the decoupling pilot influenced the achievement or likelihood of achievement of those goals? G. problems encountered and improvements/suggestions for	

	the future. 8. Pilot Implementation: A. Pilot proposals should be filed and implemented within a rate case; or B. Pilot proposals may be filed outside of a rate case if the following conditions are met: 1) updated sales forecasts are provided with the pilot proposal; 2) detailed evaluation of how any decrease in risk as a result of the pilot proposal will impact the cost of capital; and 3) proposals are filed within one year of the final Commission order in a rate case. C. Class Exclusion. The Commission requires that all decoupling pilot programs be implemented in more than one customer class D. Deadline for filing Pilot Programs 1) All utilities shall file a non-binding notice of intent as to their plans for filing a decoupling pilot by June 1, 2010. 2) All pilot proposals shall be filed by December 30, 2011.	
G011/M-07- 1403; G011/M- 07-1404	**MERC Request for Approval of a Change in Demand Entitlement for its Viking Gas Transmission System; MERC Request for Approval of a Change in Demand Entitlement for its Great Lakes Gas Transmission System**	
OES Comments dated June 12, 2008	Recommends that the Commission require that MERC-PNG file testimony in its next rate case related to its joint-rate service tariffs and whether firm customers subsidize joint-rate customers	This requirement is not applicable. In its Reply Comments dated July 8, 2008, MERC agreed to provide this testimony in its next rate case, and MERC did so in the Direct Testimony of Greg Walters in Docket No. G-007,011/GR-08 835.
G007,011/M-05-	**Sale of Aquila, Inc.'s Minnesota Assets to Minnesota Energy**	

1676	**Resources Corporation**	
Order Approving Sale Subject to Conditions (June 1, 2006)	Recovery of any sale-related acquisition premium and transaction costs is denied. Recovery of transition costs is not denied and may be sought in a future rate case.	This requirement is not applicable.
G007,011/AI-07-779	**Formation of Integrys Business Support, LLC**	
Order (March 5, 2008)	MERC shall demonstrate in the Company's future general rate cases that the General/Corporate Allocation method provides similar results compared to the Commission's preferred general allocation method, or that the Company's method better serves the public interest.	The AIA approved in Docket No. G007,011/AI-07,779 was terminated effective with the Commission's November 29, 2016 Order in Docket No. G011/AI-16-284
G011/AI-13-934	**Request by Minnesota Energy Resources (MERC) for Approval of a Modification to the Affiliated Interest Agreement Related to the Formation and Operation of Integrys Business Support, LLC**	
Order (January 9, 2014)	Approved the changes to the Master AIA as proposed by MERC, with the caveat that the applications of cost allocators will be reviewed in future rate proceedings.	The AIA approved in Docket No. G011/AI-13-934 was terminated effective with the Commission's November 29, 2016 Order in Docket No. G011/AI-16-284
G007,011/AI-10-783	**Application for Approval of Non-IBS Affiliated Interest Agreement**	
Order (December 5, 2013)	Department Comments (June 3, 2013); When MERC next files a general rate case all of the Company's cost allocations will be subject to review by the Commission. In a rate case, MERC has the burden of proving that it has followed cost allocation rules so as to protect ratepayers. If MERC has not filed a non-IBS cost study when the	The AIA approved in Docket No. G007,011/AI-10-738 was terminated effective with the Commission's November 29, 2016 Order in Docket No. G011/AI-16-

	Company files its next rate case, MERC risks having its proposed cost allocations found invalid and its cost-recovery requests disallowed.	284

Notice to Counties and Municipalities, Under
Minnesota Statutes Section 216B.16, Subdivision 1

Re: Minnesota Energy Resources Corporation Request for Increase in Natural Gas Rates

On October 13, 2017, Minnesota Energy Resources Corporation ("MERC") filed with the Minnesota Public Utilities Commission (the "Commission") an application for a general increase in rates for natural gas services provided to customers in the State of Minnesota of $12,641,230, or 5.05 percent, pursuant to Minn. Stat. § 216B.16.

In accordance with Minn. Stat. § 216B.16, subd. 2, the Commission has suspended proposed final rates to allow the Commission time to evaluate the application. In accordance with Minn. Stat. § 216B.16, subd. 3, the Commission has authorized an interim rate increase of $9,465,720, or approximately 3.78 percent to be effective January 1, 2018. During this interim period, all MERC gas customers' bills will be approximately 3.78 percent higher, and the rates will remain in effect until a final rate level is determined.

The chart below shows the effect of the interim and proposed rate change on monthly bills for customers with average gas usage. The interim monthly bill amount includes a 8.99 percent interim rate increase on distribution margins. Distribution margins include the customer charge, the distribution charge, and if applicable, the demand charge. This calculation will not necessarily result in an interim monthly bill that is uniformly 3.78 percent higher than present bills because gas costs are not included in the calculation of the interim rate increase.

PROPOSED CHANGE IN AVERAGE MONTHLY BILLS

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Average Monthly Usage (Therms)	Present Monthly Bill	Interim Monthly Bill	Proposed Monthly Bill
ALBERT LEA SALES						
GS- Residential Sales	GS- Residential Sales	N/A	72	$58	$60	$64
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	299	$217	$224	$236
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	331	$235	$243	$251
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	25,308	$16,134	$16,520	$15,483
SVI- Sales	C&I INT Class 2	1,501 - 100,000	3,249	$1,621	$1,658	$1,633
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	50,860	$24,068	$24,521	$24,007
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	469	$311	$323	$305
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	2,875	$1,445	$1,478	$1,355
LVI- Sales	C&I INT Class 2	1,501 - 100,000	3,800	$1,723	$1,750	$1,902
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	102,399	$43,860	$44,359	$48,167
ALBERT LEA TRANSPORT						
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	14,854	$1,727	$1,882	$1,722
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	73,366	$4,210	$4,588	$7,264

**The present rate levels identified in this application represent the rates authorized in Docket No. G011/GR-15-736*

The Commission will determine the amount of increase in rates it will allow in the fall of 2018, and final rates reflecting that determination will be implemented thereafter. If the final rate level is less than the interim rate level, the amount collected during the interim period attributable to that difference will be refunded to customers with interest.

The proposed rate schedules and a comparison of present and proposed rates may be examined by the public during normal business hours at:

Minnesota Energy Resources
2665 145th Street West
Rosemount, MN 55068
Phone: 1-800-889-9508
Web: www.minnesotaenergyresources.com/company/rate_case.aspx

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
Telephone: 651-539-1534
Web: mn.gov/puc

They are also available on the Commission's website at https://www.edockets.state.mn.us/EFiling/search.jsp, under Docket No. G011/GR-17-563.

The Minnesota Department of Commerce, Division of Energy Resources is conducting an investigation of MERC's books and records.

An Administrative Law Judge will schedule public hearings. Customers will be notified when the hearings are scheduled. Public notice of hearing dates and locations will be published in local newspapers in MERC's service area.

Persons who wish to formally intervene or testify in this case should contact the Administrative Law Judge, Minnesota Office of Administrative Hearings, P.O. Box 64620, St. Paul, MN 55101, Telephone: (651) 361-7900.

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The chart below shows the effect of the interim and proposed rate change on monthly bills for customers with average gas usage. The interim monthly bill amount includes a 8.99 percent interim rate increase on distribution margins. Distribution margins include the customer charge, the distribution charge, and if applicable, the demand charge. This calculation will not necessarily result in an interim monthly bill that is uniformly 3.78 percent higher than present bills because gas costs are not included in the calculation of the interim rate increase.

PROPOSED CHANGE IN AVERAGE MONTHLY BILLS

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Average Monthly Usage (Therms)	Present Monthly Bill	Interim Monthly Bill	Proposed Monthly Bill
CONSOLIDATED SALES						
GS- Residential Sales	GS- Residential Sales	N/A	72	$55	$57	$58
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	85	$70	$73	$73
GS- SC&I Sales	Agriculture Grain Dryer - Class 1	0- 20,000	186	$131	$137	$151
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	507	$328	$340	$321
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	9,692	$5,461	$5,612	$5,277
GS- LC&I Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	234	$176	$183	$178
SVI- Sales	C&I INT Class 2	1,501 - 100,000	4,794	$2,146	$2,202	$2,109
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	18,838	$7,948	$8,128	$7,897
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	666	$440	$461	$375
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	1,726	$878	$908	$730
LVI- Sales	C&I INT Class 2	1,501 - 100,000	1,538	$752	$776	$707
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	58,581	$21,804	$22,101	$24,211
LVI- Sales	C&I INT Class 4	1,000,001 - 2,000,000	89,909	$33,365	$33,812	$35,085
SVJ- Sales	C&I JOINT Class 2	1,501 - 100,000	5,288	$2,432	$2,501	$2,657

CONSOLIDATED TRANSPORT						
SVI- Transport	C&I INT Class 2	1,501 - 100,000	4,804	$748	$815	$746
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	11,379	$1,388	$1,513	$1,393
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	52,661	$3,106	$3,386	$5,303
LVI- Transport - CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	326,610	$17,705	$19,297	$23,988
SVJ- Transport	C&I JOINT Class 2	1,501 - 100,000	6,443	$1,090	$1,188	$1,677
SVJ- Transport	C&I JOINT Class 3	100,001 - 1,000,000	23,553	$3,241	$3,532	$5,405
LVJ- Transport - CIP Applicable	C&I JOINT Class 3	100,001 - 1,000,000	102,307	$6,691	$7,292	$14,030
SLVJ- Transport- CIP Exempt	C&I INT Class 5 – CIP Exempt	>200,000	599,536	$6,941	$7,094	$6,739

**The present rate levels identified in this application represent the rates authorized in Docket No. G011/GR-15-736.*

The Commission will determine the amount of increase in rates it will allow in fall of 2018, and final rates reflecting that determination will be implemented thereafter. If the final rate level is less than the interim rate level, the amount collected during the interim period attributable to that difference will be refunded to customers with interest.

The proposed rate schedules and a comparison of present and proposed rates may be examined by the public during normal business hours at:

Minnesota Energy Resources
2665 145th Street West
Rosemount, MN 55068
Phone: 1-800-889-9508
Web: www.minnesotaenergyresources.com/company/rate_case.aspx

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
Telephone: 651-539-1534
Web: mn.gov/puc

They are also available on the Commission's website at https://www.edockets.state.mn.us/EFiling/search.jsp, under Docket No. G011/GR-17-563.

The Minnesota Department of Commerce, Division of Energy Resources is conducting an investigation of MERC's books and records.

An Administrative Law Judge will schedule public hearings. Customers will be notified when the hearings are scheduled. Public notice of hearing dates and locations will be published in local newspapers in MERC's service area.

Persons who wish to formally intervene or testify in this case should contact the Administrative Law Judge, Minnesota Office of Administrative Hearings, P.O. Box 64620, St. Paul, MN 55101, Telephone: (651) 361-7900.

Notice to Counties and Municipalities, Under Minnesota Statutes Section 216B.16, Subdivision 1

Re: Minnesota Energy Resources Corporation Request for Increase in Natural Gas Rates

On October 13, 2017, Minnesota Energy Resources Corporation ("MERC") filed with the Minnesota Public Utilities Commission (the "Commission") an application for a general increase in rates for natural gas services provided to customers in the State of Minnesota of $12,641,230 or 5.05 percent, pursuant to Minn. Stat. § 216B.16.

In accordance with Minn. Stat. § 216B.16, subd. 2, the Commission has suspended proposed final rates to allow the Commission time to evaluate the application. In accordance with Minn. Stat. § 216B.16, subd. 3, the Commission has authorized an interim rate increase of $9,465,720, or approximately 3.78 percent to be effective January 1, 2018. During this interim period, all MERC gas customers' bills will be approximately 3.78 percent higher, and the rates will remain in effect until a final rate level is determined.

The chart below shows the effect of the interim and proposed rate change on monthly bills for customers with average gas usage. The interim monthly bill amount includes a 8.99 percent interim rate increase on distribution margins. Distribution margins include the customer charge, the distribution charge, and if applicable, the demand charge. This calculation will not necessarily result in an interim monthly bill that is uniformly 3.78 percent higher than present bills because gas costs are not included in the calculation of the interim rate increase.

PROPOSED CHANGE IN AVERAGE MONTHLY BILLS

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Average Monthly Usage (Therms)	Present Monthly Bill	Interim Monthly Bill	Proposed Monthly Bill
NNG SALES						
GS- Residential Sales	GS- Residential Sales	N/A	73	$61	$63	$64
GS- Residential Sales	GS- Residential Farm-Tap Sales	N/A	135	$105	$109	$111
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	80	$73	$76	$76
GS- SC&I Sales	Agriculture Grain Dryer - Class 1	0- 1,500	13	$27	$29	$54
GS- SC&I Sales	GS- C&I Farm-Tap Class 1	0- 1,500	191	$150	$155	$158
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	594	$423	$436	$415
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	13,860	$8,867	$9,082	$8,554
GS- LC&I Sales	Power Generating Unit - Class 1	0 - 500,000	100	$109	$114	$103
GS- LC&I Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	315	$245	$254	$249
GS- LC&I Sales	GS- C&I Farm-Tap Class 2	1,501 - 100,000	1,256	$845	$868	$828
SVI- Sales	C&I INT Class 2	1,501 - 100,000	3,239	$1,692	$1,735	$1,628
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	13,063	$6,324	$6,453	$6,289
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	874	$577	$600	$529
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	3,105	$1,629	$1,671	$1,459

LVI- Sales	C&I INT Class 2	1,501 - 100,000	3,974	$1,883	$1,919	$1,987
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	31,521	$13,655	$13,823	$14,941
LVI- Sales	Power Generating Unit - Class 1	0 - 500,000	2,723	$1,349	$1,378	$1,362
LVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	460	$382	$400	$300
LVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	5,880	$2,698	$2,742	$2,724
SVJ- Sales	C&I JOINT Class 2	1,501 - 100,000	4,180	$2,231	$2,291	$2,475
NNG TRANSPORT						
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	9,806	$1,235	$1,346	$1,244
SVI- Transport	C&I INT Class 4	1,000,001 - 2,000,000	27,150	$2,924	$3,187	$2,301
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	60,840	$3,542	$3,861	$6,078
LVI- Transport - CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	180,030	$9,894	$10,783	$13,373
LVI- Transport - CIP Applicable	Agriculture Grain Dryer - Class 3	> 500,001	133,674	$7,423	$8,091	$8,168
SVJ- Transport	C&I JOINT Class 2	1,501 - 100,000	4,133	$799	$871	$1,144
SVJ- Transport	C&I JOINT Class 3	100,001 - 1,000,000	14,621	$2,117	$2,307	$3,469
SVJ- Transport	Agriculture Grain Dryer - Class 2	20,001 - 500,000	4,837	$888	$967	$1,145
LVJ- Transport - CIP Applicable	C&I JOINT Class 2	1,501 - 100,000	850	$356	$388	$335
LVJ- Transport - CIP Applicable	C&I JOINT Class 3	100,001 - 1,000,000	45,001	$3,249	$3,541	$6,937
LVJ- Transport -	C&I JOINT Class 4	1,000,001 -	128,477	$8,718	$9,502	$16,375

CIP Applicable		2,000,000				
LVJ- Transport - CIP Exempt	C&I JOINT Class 5 - CIP Exempt	>2,000,000	1,033,882	$33,688	$36,717	$9,371
SLVI- Transport- CIP Exempt	C&I INT Class 5 - CIP Exempt	>2,000,000	1,320,322	$6,385	$6,427	$6,980
SLVI- Transport- CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	87,646	$3,288	$3,330	$6,682
SLVJ- Transport- CIP Exempt	Power Generating Unit - Class 2 CIP Exempt	>500,000	1,676,072	$19,083	$20,124	$38,274
Transport for Resale	Transport for Resale	N/A	17,223	$1,579	$1,721	$1,646
LVJ- Flex Transport (Cust "A")	LVJ- Flex Transport (Cust "A")	N/A	485,401	$18,990	$19,294	$30,033
LVJ- Flex Transport (Cust "E")	LVJ- Flex Transport (Cust "E")	N/A	622,779	$11,442	$11,630	$17,391
LVJ- Flex Transport (Cust "F")	LVJ- Flex Transport (Cust "F")	N/A	126,760	$5,815	$5,950	$10,029
LVJ- Flex Transport (Cust "G")	LVJ- Flex Transport (Cust "G")	N/A	90,630	$5,558	$5,787	$13,155

**The present rate levels identified in this application represent the rates authorized in Docket No. G011/GR-15-736..*

The Commission will determine the amount of increase in rates it will allow in fall of 2018, and final rates reflecting that determination will be implemented thereafter. If the final rate level is less than the interim rate level, the amount collected during the interim period attributable to that difference will be refunded to customers with interest.

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Web: www.minnesotaenergyresources.com/company/rate_case.aspx

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
Telephone: 651-539-1534
Web: mn.gov/puc

They are also available on the Commission's website at https://www.edockets.state.mn.us/EFiling/search.jsp, under Docket No. G011/GR-17-563.

The Minnesota Department of Commerce, Division of Energy Resources is conducting an investigation of MERC's books and records.

An Administrative Law Judge will schedule public hearings. Customers will be notified when the hearings are scheduled. Public notice of hearing dates and locations will be published in local newspapers in MERC's service area.

Persons who wish to formally intervene or testify in this case should contact the Administrative Law Judge, Minnesota Office of Administrative Hearings, P.O. Box 64620, St. Paul, MN 55101, Telephone: (651) 361-7900.

MINNESOTA COUNTIES SERVED BY MERC

Aitkin
Anoka
Becker
Beltrami
Benton
Big Stone
Blue Earth
Brown
Carlton
Carver
Chisago
Cottonwood
Crow Wing
Dakota
Dodge
Douglas
Faribault
Fillmore
Freeborn
Goodhue
Hennepin
Houston
Hubbard
Isanti
Itasca
Jackson
Kanabec
Kandiyohi
Koochiching
Lac qui Parle
Lake
Lake of the Woods
Le Sueur
Lincoln
Lyon
Martin
McLeod
Meeker
Morrison
Mower
Nobles
Norman
Olmsted
Ottertail
Pennington
Pine
Pipestone
Pope
Redwood
Renville
Rice
Roseau
Scott
Sherburne
Sibley
Steele
St. Louis
Stearns
Steele
Stevens
Swift
Todd
Wabasha
Wadena
Waseca
Washington
Watonwan
Winona
Wright
Yellow Medicine

MINNESOTA CITIES SERVED BY MERC

Ada
Adams
Aitkin
Albert Lea
Alden
Altura
Appleton
Audubon
Aurora
Balaton
Barnum
Baudette
Bayview Township
Bemidji
Bertha
Biwabik
Blooming Prairie
Bovey
Brewster
Brownsdale
Buhl
Butterfield
Byron
Caledonia
Calumet
Camp Ripley*
Canby
Cannon Falls
Canosia Township
(Duluth)
Canton
Carlton
Castle Rock
Chatfield
Chisholm
Claremont
Clarks Grove
Cloquet
Coleraine
Conger
Cottage Grove
Cottonwood
Credit River Township
Crosby
Deer River
Deerwood
Detroit Lakes
Dodge Center
Dover
Duluth
Dunnell
Eagan
Elgin
Elko
Ellendale
Emmons
Empire
Esko
Eveleth
Eureka Township
Eyota
Fairmont
Farmington
Fayal Township
Finlayson
Floodwood
Fountain
Frazee
Freeborn
Geneva
Gilbert
Glenville
Grand Lake Township
Grand Rapids
Harmony
Harris
Hayfield
Hayward
Hendricks
Hermantown
Hewitt
Hinckley
Hollandale
Houston
Hoyt Lakes
International Falls
Ironton
Ivanhoe
Jackson
Kasson
Keewatin
Kenyon
Kettle River
LaCrescent
LaPrairie
Lakefield
Lakeville
Lamberton
Lanesboro
Lansing Township
Leonadis
Leroy
Lewiston
Lyle
Mabel
Madison
Mantorville
Marble
Mayhew
Menahga
Midway
Moose Lake
Moose Lake Township
Mora
Motley
Mountain Iron
Mountain Lake
Nashwauk
New Market
New Market Township
New Richland
New Scandia Township
North Branch
Northrop
Oakland
Oronoco
Ortonville
Owatonna Township
Park Rapids
Pengilly
Peterson
Pike Lake
Pine City
Pine Island
Plainview
Pokegama Township
Preston
Prior Lake
Proctor
Randolph Township
Ranier
Revere
Riverton
Rochester
Roseau
Rose Creek
Rosemount
Rush City
Rushford
Rushford Village
Rush Lake Township
Sanborn
Sand Lake
Sandstone
Scanlon
Sebeka
Silver Bay
Silver Brook Township
Sherburn
Spring Grove
Spring Lake Township
Spring Valley
Staples
St. Charles
Stewartville
Sturgeon Lake
Taopi
Thomson Township
Thief River Falls
Tracy
Trimont
Truman
Twin Lakes
Twin Lake Township
Utica
Verndale
Viola
Wadena
Walnut Grove
Waltham
Wanamingo
Warroad
Webster Township
Welcome
Wells
West Concord
Willow River
Windemere Township
Windom
Worthington
Wrenshall
Wykoff
Zemple
Zumbrota

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

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

Docket No. G011/GR-17-563

NOTICE AND PETITION FOR INTERIM RATES

A. Introduction.

Minnesota Energy Resources Corporation ("MERC"), hereby submits to the Minnesota Public Utilities Commission (the "Commission") this Petition for Interim Rates (the "Petition") for Minnesota natural gas customers, pursuant to Minn. Stat. § 216B.16, subd. 3; the Commission's Statement of Policy on Interim Rates dated April 14, 1982; and relevant Commission rules.

B. Information Provided Pursuant to the Commission Statement of Policy on Interim Rates and Relevant Commission Rules.

1. Name, address, and telephone number of utility and name, address, and telephone number of attorneys for the utility.
(Policy Statement, Item 1, page 2)

Minnesota Energy Resources Corporation
Suite 200
1955 Rahncliff Court
Eagan, MN 55122
(651) 322-8965

Elizabeth M. Brama
Kristin M. Stastny
Lauren E. Pockl
Briggs and Morgan, P.A.
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
(612) 977-8400

Koby Bailey
WEC Energy Group, Inc.
200 East Randolph Street
Suite 2300
Chicago, IL 60601
(312) 947-4081

2. Date of filing and date proposed interim rates are requested to become effective. (Policy Statement, Item 2, page 2)

The date of the submission of this Petition is October 13, 2017. The Petition is submitted as part of MERC's Application for a general natural gas rate increase. Pursuant to Minn. Stat. § 216B.16, subd. 3, MERC requests, if the Commission suspends the operation of the general rate schedules which accompany the Application pursuant to Minn. Stat. § 216B.16, subd. 2, that the proposed interim rates be made effective on January 1, 2018. Although more than sixty days after filing of the Application, MERC waives its right under the statute to have interim rates in effect not later than sixty days after the initial filing and requests an effective date of January 1, 2018 to correspond with the start of the test year. The interim rates will be subject to refund, pending final Commission determination on the general natural gas rate increase Application.

3. Description and need for interim rates. (Policy Statement, Item 3, page 2)

Interim rates are needed because the increased costs of service reflected in MERC's general rate Application will be incurred on or before January 1, 2018, the proposed effective date. Without interim rate relief, MERC would be unable to recover these increased costs of service.

Schedule A to this Interim Rate Petition provides the interim revenue deficiency of $9,652,055 or 3.86 percent. As required by Minn. Stat. § 216B.16, subd. 3, and the Commission's Statement of Policy on Interim Rates, MERC has removed from the interim rate revenue deficiency the recovery of costs that are not of the same nature and kind as allowed in the most recent rate proceeding. As examples, MERC excluded advertising expenses associated with goodwill and economic development; 50 percent of economic development, investor relations, and charitable contribution costs; all Long Term Incentive Plan costs, Restricted Stock, and Stock Options; 85 percent of Executive Incentive, Executive Deferred Comp ESOP; the costs of the Supplement Executive Retirement Plan except the non-qualified pension plan costs authorized by the Commission in Docket No. G007,011/M-06-1287; and the pension regulatory asset and liabilities except those authorized by the Commission in Docket Nos. G011/GR-15-992 (without a return) and G007,011/M-06-1287. MERC does not seek recovery of these excluded costs in interim or final rates. *See* Direct Testimony & Exhibits of Seth S. DeMerritt.

In addition to these adjustments, the return on equity requested for interim rates is 9.11 percent, which is the return on equity approved by the Commission in MERC's last natural gas rate case (Docket No. G011/GR-15-736). Minn. Stat. § 216B.16, subd. 3(b) requires that the interim rate of return on common equity equal the rate of return authorized in the last general rate proceeding, unless exigent circumstances exist.

Finally, consistent with Commission precedent, MERC proposes to collect less than the full amount of the interim rate revenue deficiency from its Super Large Volume ("SLV") customers, as well as MERC's FLEX rate customers. The SLV customers are especially sensitive to rate increases, even during a period of interim rates, and have the ability to bypass MERC's system in favor of alternative natural gas service they may receive elsewhere, and the FLEX rate customers have contracted rates in place. The departure of the SLV customers from MERC's system would result in a significant permanent increase in rates for MERC's remaining customers. Therefore, MERC requests that the Commission find that exigent circumstances exist to alter the present rate design during the period of interim rates. The Commission has previously found exigent circumstances justifying a departure from existing rate design under similar circumstances. *See In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Nat. Gas Serv. in Minn.*, Docket No. G011/GR-15-736, ORDER SETTING INTERIM RATES (Nov. 30, 2015); *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-13-617, ORDER SETTING INTERIM RATES (Nov. 27, 2013); *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat.*

Gas Serv. in Minn., Docket No. G-007,011/GR-10-977, ORDER SETTING INTERIM RATES (Jan. 28, 2011); *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G-007,011/GR-08-835, ORDER SETTING INTERIM RATES (Sept. 25, 2008); *In the Matter of a Petition by Peoples Nat. Gas Co. and N. Minn. Utils., Divisions of UtiliCorp United Inc., for Auth. to Increase Nat. Gas Rates in Minn. and to Consolidate the Two Utils.*, Docket No. G-007,011/GR-00-951, ORDER SETTING INTERIM RATES (Sept. 29, 2000); *In the Matter of the Application of CenterPoint Energy for Auth. to Increase Nat. Gas Rates in Minn.*, Docket No. G-008/GR-08-1075, ORDER SETTING INTERIM RATES (Dec. 22, 2008); *In the Matter of the Application of N. States Power Co. d/b/a Xcel Energy for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G-002/GR-09-1153, ORDER SETTING INTERIM RATES (Jan. 7, 2010).

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. This increase will have a small overall impact on these customers' bills and is not expected to create a bypass situation. MERC proposes to keep the distribution charge for the SLV and FLEX rate classes consistent with their current rates, which are also the rates MERC proposes in the final rate design. The Commission has previously authorized such increases where a utility sought a small increase in final rates for certain classes of customers. *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-13-617, ORDER SETTING INTERIM RATES (Nov. 27, 2013); *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G-007,011/GR-10-977, ORDER SETTING INTERIM RATES (Jan. 28, 2011); *In the Matter of the Application of Minn. Energy Res. Corp. for Auth. to Increase Rates for Nat. Gas Serv. in Minn.*, Docket No. G-007,011/GR-08-835, ORDER SETTING INTERIM RATES (Sept. 25, 2008); *In the Matter of the Application of CenterPoint Energy Minnegasco, a Div. of CenterPoint Energy Res. Corp., for Auth. to Increase Nat. Gas Rates in Minn.*, Docket No. G-008/GR-05-1380, ORDER SETTING INTERIM RATES (Dec. 21, 2005); *In the Matter of the Application of Minnegasco, Division of Arkla, Inc., for Auth. to Increase Rates for Nat. Gas Serv. in the State of Minn.*, Docket No. G-008/GR-95-700, ORDER SETTING INTERIM RATES (Oct. 10, 1995). However, 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 an interim rate increase of $9,465,720 or 3.78 percent inclusive of the new base cost of gas filed contemporaneously with this application. The updated Conservation Cost Recovery Charge ("CCRC") factor included in interim rates is $0.02953/therm. The calculation of this requested interim rate amount is illustrated in Schedule F to this interim rate petition.

4. Description and corresponding dollar amount of changes included in interim rates as compared with most current approved general rate case and with the most recent year for which audited data is available.
(Policy Statement, Item 4, page 2)

A comparison of the changes included in interim rates as compared with MERC's most recently approved natural gas rate case (Docket No. G011/GR-15-736) is contained along with this Petition in Schedule C of this filing. A comparison of the changes included in interim rates as compared with MERC's most recent year for which audited data is available is contained along with this Petition in Schedule D of this filing.

5. Effect of the interim rates expressed in gross revenue dollars and as a percentage of test year gross revenues.
(Policy Statement, Item 5, page 2)

The test year for MERC's general natural gas rate increase filing is the calendar year ending December 31, 2018. The revenue requirement study supporting the necessity for interim rate relief shows a deficiency in revenue of $9,652,055 or 3.86 percent under present rates. Present rates, as referred to in this Petition, are the rates authorized by the Commission in its final order in Docket No. G007,011/GR-15-736. MERC is requesting an interim rate adjustment which will increase MERC's test year revenues by amount less than its full interim rate deficiency, for a $9,465,720 or 3.78 percent interim increase above present rates.

6. Certification by Officer of the Utility.
(Policy Statement, Item 6, page 2)

This Petition contains a certificate signed by J. Patrick Keyes, President of Minnesota Energy Resources Corporation, affirming that this interim rate Petition complies with Minnesota Statutes.

7. Methods and procedures for refunding.

Pursuant to Minn. Stat. § 216B.16, subd. 3, this filing contains MERC's Agreement and Undertaking of Refund.

8. Signature and title of the utility officer authorizing the proposed interim rates. (Policy Statement, Item 7, page 2)

This Petition is signed by J. Patrick Keyes, President of Minnesota Energy Resources Corporation.

9. Supporting schedules and workpapers. (Policy Statement, Items 1-4, page 3)

The supporting schedules and workpapers described in the Commission's Policy Statement are included along with this Petition. These schedules include the rate base amounts, income statement amounts, revenue deficiencies, capital structures, and rates of return required for interim rates as compared to the same information for MERC's general rate increase Application, the allowed amounts in MERC's most recent general rate case in Docket No. G011/GR-15-736, and the most recent actual year.

10. Interim rate schedules. Revenue rate comparisons. (Minn. R. 7825.3600)

The rate schedules containing proposed interim rates are included along with the Petition in Volume 1. Consistent with Minn. Stat. § 216B.16, subd. 3, no change has been made in the existing rate design, except as noted above. A uniform percentage equal to the proposed interim rate increase has been applied to the non-gas revenues (margins) currently being recovered from each customer class, other than the SLV and FLEX rate classes, as discussed above.

11. Customer notice. (Minn. R. 7829.2400, subp. 3; Minn. Stat. § 216B.16, subd. 1)

Pursuant to Minn. R. 7829.2400, subp. 3 and Minn. Stat. § 216B.16, subd. 1, MERC proposes to send a notice to the counties and municipalities it serves in Minnesota and a bill insert to its natural gas customers in the State of Minnesota. The proposed notice to counties and municipalities and a proposed customer notice pursuant to Minn. Stat. § 216B.16, subd. 1, are included with this filing. In addition, MERC will publish a display advertisement in the newspapers of general circulation in all county seats in MERC's service territory. The display advertisement will replicate the notice to the counties and municipalities.

12. Interim Bills

The Commission's Policy Statement on Interim Rates suggests that changes in interim rates be shown on customer bills as a separate line item "if practical." The interim rate amount will be shown as a separate line item identified as "Interim Increase."

C. <u>Conclusion.</u>

MERC hereby submits this Petition for Interim Rates. If the Commission suspends the operation of the general rate schedules under Minn. Stat. § 216B.16, subd. 2, MERC respectfully requests that the Petition for Interim Rates be promptly considered and accepted by the Commission, and that the interim rate schedule be approved and made effective on January 1, 2018, pursuant to Minn. Stat. § 216B.16, subd. 3, subject to refund pending final Commission action on the general rate increase Application.

Dated: October 13, 2017

Respectfully submitted,

J. Patrick Keyes
President
Minnesota Energy Resources Corporation
231 W. Michigan St.
Milwaukee, WI 53203

Subscribed and sworn to before me
this 13th day of October, 2017.

Susan L. Wanzala

Notary Public, State of ~~Minnesota~~ Wisconsin
Expires: 2/2/2021

INTERIM RATE PETITION SCHEDULES
SUPPORTING SCHEDULES AND WORKPAPERS

The Minnesota Public Utilities Commission ("Commission"), in its Statement of Policy on Interim Rates, encourages any regulated company seeking interim rates to submit to the Commission an interim rate petition as part of its general rate case filing. The interim rate petition should include a cover letter and supporting schedules. The supporting schedules should include the following:

1) A schedule showing the interim rate of return calculation. This schedule should show the capital structure and rate of return calculation approved by the Commission in the most recent general rate case; the capital structure and rate of return calculation proposed for interim rates; and a description and corresponding dollar amount of any changes between the two capital structures.

Note:
Schedule C, Part 4 of 4 of this volume contains this information.

2) A schedule showing the interim operating income statement. This schedule should show the same operating income statement accounts as filed in the general rate case. Also, the schedule should include the operating income statement approved by the Commission in the most recent general rate case; the equivalent operating income statement corresponding with the most recent actual year for which audited data is available and corresponding with the same period in months as the test year, if the test year is a projected year and the operating income statement proposed for interim rates. A description of all changes and corresponding dollar amounts between each of the operating income statements should be provided. Workpapers should be provided which show how revenues, AFUDC, taxes, expenses, and other income statement components have been determined.

Notes:
Schedule C, Part 1 of 4 of this volume compares the operating income statement approved by the Commission in the most recent general rate case with the income statement for the proposed interim rate test year, including a description of all changes and corresponding dollar amounts.

Schedule D, Part 1 of 3 of this volume compares the operating income statement for the most recent actual year for which audited data is available with the income statement for the test year, as adjusted for interim rates, including a description of all changes and corresponding dollar amounts.

Schedule E, Part 1 of 3 of this volume compares the operating income statement approved by the Commission in the most recent general rate case with the most recent actual year for which audited data is available, including a description of all changes and corresponding dollar amounts.

Although the Commission's Statement of Policy does not require regulated companies to do so, MERC has included as Schedule B, Part 1 of 3 of this volume, a comparison of the operating income statement for this general rate case filing with the income statement for the proposed interim test year, including a description of all changes and corresponding dollar amounts.

Workpapers for the above Interim Rate Petition Schedules can be found in the materials referencing the proposed test year in Volumes 2 - 4 of this filing, as the revenue deficiency for interim rates and the proposed final rates are closely linked except for the small number of items discussed in the Direct Testimony of Mr. Seth S. DeMerritt.

3) A schedule showing the interim proposed rate base. This schedule should show the same rate base accounts as filed in the general rate case. This schedule should include the average rate base approved by the Commission in the most recent general rate case; the equivalent average rate base corresponding with the most recent actual year for which audited data is available and corresponding with the same period in months as the test year, if the test year is a projected test year; and the average rate base proposed for interim rates. A description of all changes and corresponding dollar amounts between each of the rate bases should be provided. Workpapers should be provided which show how the rate base components have been determined.

Notes:
Schedule C, Part 2 of 4 of this volume compares the average rate base approved by the Commission in the most recent general rate case with the average rate base proposed for interim rates, including a description of all changes and corresponding dollar amounts.

Schedule D, Part 2 of 3 of this volume compares the average rate base for the most recent actual year for which audited data is available with the average rate base proposed for interim rates, including a description of all changes and corresponding dollar amounts.

Schedule E, Part 2 of 3 of this volume compares the average rate base approved by the Commission in the most recent general rate case with average rate base for the most recent actual year for which audited data is available, including a description of all changes and corresponding dollar amounts.

Although not required by the Commission's Policy Statement, MERC has included as Schedule B, Part 2 of 3 of this volume, a comparison of the average rate base for this general rate case filing with the average rate base for the proposed interim test year, including a description of all changes and corresponding dollar amounts.

Workpapers for the above Interim Rate Petition Schedules can be found in the materials referencing the proposed test year in Volumes 2 - 4 of this filing.

4) A schedule showing revenue deficiency calculations for each of the operating income statements and rate bases requested in 2) and 3) above. The revenue deficiency should be calculated for the actual data and the interim data using the rate of return calculated in 1) above.

Notes:
Schedule C, Part 3 of 4 of this volume shows the revenue deficiency calculations for the most recent general rate case and for the proposed interim rates.

Schedule D, Part 3 of 3 of this volume shows the revenue deficiency calculations for the most recent actual year for which audited data is available and for the proposed interim rates.

Schedule E, Part 3 of 3 of this volume shows the revenue deficiency calculations for the most recent general rate case and the most recent actual year for which audited data is available.

Although not required by the Commission's Policy Statement, MERC has included as Schedule B, Part 3 of 3 of this volume, the revenue deficiency calculations for this general rate case filing and for the proposed interim rates.

Finally, Schedule F of this volume illustrates the distribution of the interim revenue deficiency to arrive at MERC's total interim rate request.

DEFINITIONS

The following definitions have been used in this filing:

Proposed Interim Test Year
The proposed interim test year information is for the calendar year ending December 31, 2018 and includes the effect of rate making adjustments.

General Rate Case Filing
The general rate case filing information is for the proposed test year ending December 31, 2018 and includes the effects of rate making adjustments.

Most Recent General Rate Case
This information represents the financial data for the calendar test year ending December 31, 2016 from Docket No. G011/GR-15-736 as approved by the Commission.

Most Recent Actual Year
This information represents actual unadjusted financial information for the calendar year ended December 31, 2016.

Minnesota Energy Resources Corporation

Line No.	Description	Total MERC Interim Rate Petition Present Rates
1	Average Rate Base	289,503,028
2	Operating Income	12,904,548
3	Allowance for funds used during Construction	-
4	Total Available for Return	12,904,548
5	Overale Rate of Return (Line 4 / Line 1)	4.46%
6	Required Rate of Return	6.41%
7	Required Operating Income (Line 1 x Line 6)	18,568,901
8	Income Deficiency (Line 7 - Line 4)	5,664,353
9	Gross Revenue Conversion Factor	1.704
10	Revenue Defieciency (Line 8 x Line 9)	9,652,055
11	Retail Related Revenues Under Present Rates	250,328,750
12	Percentage Increase Needed in Overall Revenue (Line 10 / Line 11)	3.86%

Line No.	Description	Total MERC Interim Rate Petition Present Rates
	Operating Revenues	
1	Retail	241,217,431
2	Weather Impact Net Margin Adjustment	-
3	Interdepartmental & Transportation	9,111,319
4	Other Operating	1,035,000
6	Total Operating Revenues	251,363,750
	Expenses	
	Operating Expenses:	
7	Purchased Gas	142,921,853
8	Other Production	2,183,549
9	Transmission	53,776
10	Distribution	18,712,706
11	Customer Accounting	10,345,915
12	Customer Service & Information	1,159,264
13	Administrative & General	16,912,761
14	Amortizations	13,355,051
15	Total Operating Expenses	205,644,875
16	Depreciation	14,312,233
	Taxes:	
18	Property	11,435,741
19	Federal & State Income Tax	5,426,817
20	Payroll & Other	1,535,931
21	Total Taxes	18,398,489
22	Total Expenses	238,355,597
23	Tax Effect of Interest Allowed	(103,605)
24	Allowance for Funds Used During Construction	-
25	Other Interest	-
26	Total Operating Income	12,904,548

Line No.	Description	Total MERC Interim Rate Petition Present Rates
1	Plant in Service	561,234,597
2	Property Held for Future Use	-
3	Construction Work in Progress	8,878,373
4	Accumulated Depreciation and Plant Deferred Taxes	(292,612,057)
5	Customer Advances	(36,180)
6	Net Utility Plant	277,464,733
7	Cash Working Capital	(1,729,740)
	Other Rate Base Items	
8	Materials and Supplies	234,190
9	Gas Storage	7,304,375
10	Prepayments	750,195
11	Non-Plant Assets & Liabilities	5,479,275
12	Total Other Rate Base Items	13,768,035
13	Total Average Rate Base	289,503,028

Line No.	Description	Total MERC General Rate Case Filing	Total MERC Interim Rate Petition Present Rates	Change
	Operating Revenues			
1	Retail	241,217,431	241,217,431	-
2	Weather Impact Net Margin Adjustment	-	-	-
3	Interdepartmental & Transportation	9,111,319	9,111,319	-
4	Other Operating	1,035,000	1,035,000	-
6	Total Operating Revenues	251,363,750	251,363,750	-
	Expenses			
	Operating Expenses:			
7	Purchased Gas	142,921,853	142,921,853	-
8	Other Production	2,183,549	2,183,549	-
9	Transmission	53,776	53,776	-
10	Distribution	18,712,706	18,712,706	-
11	Customer Accounting	10,345,915	10,345,915	-
12	Customer Service & Information	1,159,264	1,159,264	-
13	Administrative & General	16,912,761	16,912,761	-
14	Amortizations	13,355,051	13,355,051	-
15	Total Operating Expenses	205,644,875	205,644,875	-
16	Depreciaiton	14,312,233	14,312,233	-
	Taxes:			
18	Property	11,435,741	11,435,741	-
19	Federal & State Income Tax	5,426,817	5,426,817	-
20	Payroll & Other	1,535,931	1,535,931	-
21	Total Taxes	18,398,489	18,398,489	-
22	Total Expenses	238,355,597	238,355,597	-
23	Tax Effect of Interest Allowed	(103,605)	(103,605)	-
24	Allowance for Funds Used During Construction	-	-	-
25	Other Interest	-	-	
26	Total Operating Income	12,904,548	12,904,548	-

Line No.	Description	Total MERC General Rate Case Filing	Total MERC Interim Rate Petition Present Rates	Change
1	Plant in Service	561,234,597	561,234,597	-
2	Property Held for Future Use	-	-	-
3	Construction Work in Progress	8,878,373	8,878,373	-
4	Accumulated Depreciation and Plant Deferred Taxes	(292,612,057)	(292,612,057)	-
5	Customer Advances	(36,180)	(36,180)	
6	Net Utility Plant	277,464,733	277,464,733	-
7	Cash Working Capital	(1,729,740)	(1,729,740)	-
	Other Rate Base Items			
8	Materials and Supplies	234,190	234,190	-
9	Gas Storage	7,304,375	7,304,375	-
10		750,195	750,195	-
11	Non-Plant Assets & Liabilities	5,479,275	5,479,275	-
12	Total Other Rate Base Items	13,768,035	13,768,035	-
13	Total Average Rate Base	289,503,028	289,503,028	-

Line No.	Description	Total MERC General Rate Case Filing	Total MERC Interim Rate Petition Present Rates	Change
1	Average Rate Base	289,503,028	289,503,028	-
2	Adjusted Operating Income	12,904,548	12,904,548	-
3	Allowance for funds used during Construction	-	-	-
4	Total Available for Return	12,904,548	12,904,548	-
5	Overale Rate of Return (Line 4 / Line 1)	4.46%	4.46%	0.00%
6	Required Rate of Return	7.02%	6.41%	-0.61%
7	Required Operating Income (Line 1 x Line 6)	20,323,113	18,568,901	(1,754,211)
8	Income Deficiency (Line 7 - Line 4)	7,418,565	5,664,353	(1,754,211)
9	Gross Revenue Conversion Factor	1.704	1.704	-
10	Revenue Defieciency (Line 8 x Line 9)	12,641,230	9,652,055	(2,989,175)
11	Retail Related Revenues Under Present Rates	250,328,750	250,328,750	-
12	Percentage Increase Needed in Overall Revenue (Line 10 / Line 11)	5.05%	3.86%	-1.19%

COMPARISON OF PROPOSED INTERIM RATES TO PRESENT RATES
STATEMENT OF OPERATING INCOME
DESCRIPTION OF CHANGES

Utility operating income increases by approximately $0.7M for MERC's Minnesota Operations from the 2016 test year used for the most recent Commission approved rate case, in Docket No. G011/GR-15-736, compared to the 2018 test year in MERC's proposed interim rate petition, in Docket No. G011/GR-17-563.

Major components of the change in utility operating income included the following:

Retail Gas, Transportation, and Other Operating Revenues increased by $22.2M. This increase is driven by the $6.8M rate increase authorized in Docket No. G011/GR-15-736 as well as the increase in gas costs.

Other Operating Expenses increased by $15.1M, of which 14.6M is due to increased gas costs, $0.9M due to increases in Amortization expense, and offset by the $0.5M reduction in Operations and Maintenance expense.

Depreciation expense increased by $2.8M.

Property taxes increased by $3.2M.

Income taxes increased $0.9M.

Minnesota Energy Resources Corporation
Comparison of Proposed Interim Rates to Present Rates
Statement of Operating Income

Line No.	Description	Total MERC From Most Recent General Rate Case Filing (2016)	Total MERC Interim Rate Petition Present Rates	Change
	Operating Revenues			
1	Retail	220,495,582	241,217,431	20,721,849
2	Weather Impact Net Margin Adjustment	-	-	-
3	Interdepartmental & Transportation	7,606,083	9,111,319	1,505,236
4	Other Operating	1,013,854	1,035,000	21,146
6	**Total Operating Revenues**	229,115,519	251,363,750	22,248,231
	Expenses			
	Operating Expenses:			
7	Purchased Gas	128,288,528	142,921,853	14,633,325
8	Other Production	1,515,246	2,183,549	668,303
9	Transmission	36,762	53,776	17,014
10	Distribution	20,052,570	18,712,706	(1,339,864)
11	Customer Accounting	8,850,305	10,345,915	1,495,610
12	Customer Service & Information	1,239,817	1,159,264	(80,553)
13	Administrative & General	18,148,894	16,912,761	(1,236,133)
14	Amortizations	12,405,681	13,355,051	949,370
15	Total Operating Expenses	190,537,803	205,644,875	15,107,072
16	Depreciation	11,494,009	14,312,233	2,818,224
	Taxes:			
18	Property	8,253,415	11,435,741	3,182,326
19	Federal & State Income Tax	4,541,760	5,426,817	885,057
20	Payroll & Other	1,626,814	1,535,931	(90,883)
21	Total Taxes	14,421,989	18,398,489	3,976,500
22	Total Expenses	216,453,801	238,355,597	21,901,796
23	Tax Effect of Interest Allowed	(503,730)	(103,605)	400,125
24	Allowance for Funds Used During Construction	-	-	-
25	Other Interest	297	-	(297)
26	Total Operating Income	12,157,691	12,904,548	746,857

COMPARISON OF PROPOSED INTERIM RATES TO PRESENT RATES
RATE BASE
DESCRIPTION OF CHANGES

Utility Rate Base increased by approximately $55.1M for MERC's Minnesota operations from the Company's 2016 test year used for the most recent Commission approved rate case, at Docket No. G011/GR-15-736, compared to the 2018 test year in MERC's proposed interim rate petition, in Docket No. G011/GR-17-563.

Major components of the change of rate base include:

Net utility plant increased by $56.6M. These increases are driven by the overall capital investments described in the testimony of Ms. Mary Wolter.

Cash working capital decreased by $2.1M.

The cost of gas in storage has increased by $.08M, primarily driven by the lower gas prices.

Other rate base items decreased by $0.2M, primarily as a result of regulatory assets and liabilities.

Minnesota Energy Resources Corporation
Comparison of Proposed Interim Rates to Present Rates
Detailed Rate Base Components

Line No.	Description	Total MERC From Most Recent General Rate Case Filing (2016)	Total MERC Interim Rate Petition Present Rates	Change
1	Plant in Service	464,403,156	561,234,597	96,831,441
2	Property Held for Future Use	-	-	-
3	Construction Work in Progress	-	8,878,373	8,878,373
4	Accumulated Depreciation and Plant Deferred Taxes	(243,555,309)	(292,612,057)	(49,056,748)
5	Customer Advances	-	(36,180)	(36,180)
6	Net Utility Plant	220,847,847	277,464,733	56,616,886
7	Cash Working Capital	384,967	(1,729,740)	(2,114,707)
	Other Rate Base Items			
8	Materials and Supplies	189,866	234,190	44,324
9	Gas Storage	6,486,821	7,304,375	817,554
10	Prepayments	476,778	750,195	273,417
11	Non-Plant Assets & Liabilities	6,008,944	5,479,275	(529,669)
12	Total Other Rate Base Items	13,162,409	13,768,035	605,626
12	Total Average Rate Base	234,395,223	289,503,028	55,107,805

COMPARISON OF PROPOSED INTERIM RATES TO PRESENT RATES
REVENUE REQUIREMENT CALC
DESCRIPTION OF CHANGES

The 2018 teste year interim revenue requirement increases by approximately $9.7M for MERC's Minnesota Operations from the Company's 2016 test year used for the most recent Commission approved rate case, in Docket No. G011/GR-15-736.

The major components of the change in revenue requirement include:

Increase in rate base as previously mentioned.

Minnesota Energy Resources Corporation
Comparison of Proposed Interim Rates to Present Rates
Summary of Revenue Requirements

Line No.	Description	Total MERC From Most Recent General Rate Case Filing (2016)	Total MERC Interim Rate Petition Present Rates	Change
1	Average Rate Base	234,395,223	289,503,028	55,107,805
2	Operating Income	12,157,691	12,904,548	746,857
3	Allowance for Funds Used During Construction	-	-	-
4	Total Available for Return	12,157,691	12,904,548	746,857
5	Overall Rate of Return (Line 4 / Line 1)	5.19%	4.46%	-0.73%
6	Required Rate of Return	6.88%	6.41%	-0.47%
7	Required Operating Income (Line 1 x Line 6)	16,136,236	18,568,901	2,432,665
8	Income Deficiency (Line 7 - Line 4)	3,978,545	5,664,353	1,685,808
9	Gross Revenue Conversion Factor	1.703	1.704	0.001
10	Revenue Deficiency (Line 8 x Line 9)	6,775,462	9,652,055.15	2,876,593
11	Retail Related Revenues Under Present Rates	228,101,665	250,328,750	22,227,085
12	Percentage Increase Needed in Overall Revenue (Line 10 / Line 11)	2.97%	3.86%	0.89%

**COMPARISON OF PROPOSED INTERIM RATES TO PRESENT RATES
CAPITAL STRUCTURE AND RATE OF RETURN CALCULATIONS
DESCRIPTION OF CHANGES**

Rate of Return decreases by approximately 0.47% from the Company's 2016 test year used for the most recent Commission approved rate case, at Docket No. G011/GR-15-736, compared to the 2018 test year in MERC's proposed interim rate petition, in Docket No. G011/GR-17-563.

The major driver of this change is the decrease in Long Term Debt Cost of Capital from 4.86% in 2016 to 3.60% in 2018.

Minnesota Energy Resources Corporation
Comparison of Proposed Interim Rates to Present Rates
Detailed Rate Base Components

Line No.	Capitaization	Amount	Percent of Total Capitalization	Cost of Capital	Weighted Cost of Capital
I. Capital Structure from Most Recent General Rate Case (2016)					
1	Long-Term Debt	116,625	45.59%	4.86%	2.22%
2	Short-Term Debt	10,449	4.08%	2.04%	0.08%
3	Total Debt	127,074	49.68%		2.30%
4	Preferred Stock	0	0.00%		0.00%
5	Net Common Equity	128,716	50.32%	9.11%	4.58%
6	Total Equity	128,716	50.32%		4.58%
7	Total Capitalization	255,790	100.00%		6.88%
II. Captial Structure from Interim Rate Case Proposal					
1	Long-Term Debt	119,020	39.63%	3.60%	1.43%
2	Short-Term Debt	28,448	9.47%	3.70%	0.35%
3	Total Debt	147,468	49.10%		1.78%
4	Preferred Stock	0	0.00%	0.00%	0.00%
5	Net Common Equity	152,874	50.90%	9.11%	4.64%
6	Total Equity	152,874	50.90%		4.64%
9	Total Capitalization	300,342	100.00%		6.41%

COMPARISON OF PROPOSED INTERIM RATES TO 2016 ACTUAL
STATEMENT OF OPERATING INCOME
DESCRIPTION OF CHANGES

Utility operating income decreased by approximately $0.9M for MERC's Minnesota Operations from the Company's 2016 historic year, compared to the 2018 test year in MERC's proposed interim rate petition in Docket No. G011/GR-17-563.

Major components of the change in utility operating income include:

Operating Revenues increased by $21.3M, which is primarily explained by increases in the cost of gas of $22.1M offset by CIP amortization of $0.9M.

Non-Fuel O&M expenses decreased by $3.2M. These decreases are explained by the inflation and the known and measurable processes described in the Direct Testimony of Mr. Seth S. DeMerritt.

Amortization expense decreased by $1.5M. This decrease is primarily due to the CIP amortization of the CCRA collected in 2016.

Depreciation expense increased by $3.0M, as a result of the increased capital investments described in the Direct Testimony of Ms. Mary Wolter.

Property taxes increased by $2.5M.

Line No.	Description	Total MERC 2016 Unadjusted	Total MERC Interim Rate Petition Present Rates	Change
	Operating Revenues			
1	Retail	215,092,830	241,217,431	26,124,601
2	Weather Impact Net Margin Adjustment	-	-	-
3	Interdepartmental & Transportation	9,817,311	9,111,319	(705,992)
4	Other Operating	5,114,581	1,035,000	(4,079,581)
6	Total Operating Revenues	230,024,722	251,363,750	21,339,028
	Expenses			
	Operating Expenses:			
7	Purchased Gas	120,759,086	142,921,853	22,162,767
8	Other Production	1,364,717	2,183,549	818,832
9	Transmission	52,523	53,776	1,253
10	Distribution	17,617,443	18,712,706	1,095,263
11	Customer Accounting	10,212,669	10,345,915	133,246
12	Customer Service & Information	1,104,523	1,159,264	54,741
13	Administrative & General	22,193,767	16,912,761	(5,281,006)
14	Amortizations	14,855,437	13,355,051	(1,500,386)
15	Total Operating Expenses	188,160,165	205,644,875	17,484,710
16	Depreciation	11,341,621	14,312,233	2,970,612
	Taxes:			
18	Property	8,889,411	11,435,741	2,546,330
19	Federal & State Income Tax	6,323,946	5,426,817	(897,129)
20	Payroll & Other	1,430,893	1,535,931	105,038
21	Total Taxes	16,644,250	18,398,489	1,754,239
22	Total Expenses	216,146,036	238,355,597	22,209,561
23	Tax Effect of Interest Allowed	17,125	(103,605)	(120,730)
24	Allowance for Funds Used During Construction	-	-	-
25	Other Interest	49,205	-	(49,205)
26	Total Operating Income	13,846,606	12,904,548	(942,058)

COMPARISON OF PROPOSED INTERIM RATES TO 2016 ACTUAL RATE BASE DESCRIPTION OF CHANGES

Utility rate base increased by approximately $57.8M for MERC's Minnesota Operations from the Company's 2016 historic year compared to the 2018 test year in MERC's proposed interim rate petition in Docket No. G011/GR-17-563.

Major components of this increase include:

Net utility plant in service which increased by $58.2M as a result of the increased capital investment described in the Direct Testimony of Ms. Mary Wolter.

Cost of gas storage decreased by $1.6M.

Cash working capital increased $1.4M. This decrease is a result of the 2016 actuals compared to the output of the 2018 Lead/Lag study.

Line No.	Description	Total MERC 2016 Unadjusted	Total MERC Interim Rate Petition Present Rates	Change
1	Plant in Service	453,242,670	561,234,597	107,991,927
2	Property Held for Future Use	-	-	-
3	Construction Work in Progress	3,968,166	8,878,373	4,910,207
4	Accumulated Depreciation and Plant Deferred Taxes	(237,905,226)	(292,612,057)	(54,706,831)
5	Customer Advances	(36,179)	(36,180)	(1)
6	Net Utility Plant	219,269,431	277,464,733	58,195,302
7	Cash Working Capital	(3,084,437)	(1,729,740)	1,354,697
	Other Rate Base Items			
8	Materials and Supplies	233,017	234,190	1,173
9	Gas Storage	8,888,777	7,304,375	(1,584,402)
10	Prepayments	1,719,069	750,195	(968,874)
11	Non-Plant Assets & Liabilities	4,659,663	5,479,275	819,612
12	Total Other Rate Base Items	15,500,526	13,768,035	(1,732,491)
13	Total Average Rate Base	231,685,520	289,503,028	57,817,508

COMPARISON OF PROPOSED INTERIM RATES TO 2016 ACTUAL REVENUE REQUIREMENT
DESCRIPTION OF CHANGES

The interim revenue requirement increased by approximately $6.9M for MERC's Minnesota Operations from the Company's 2016 historic year compared to the 2018 test year in MERC's proposed interim rate petition, in Docket No. G011/GR-17-563.

The major components of the change in revenue requirement include:

Increase in rate base and the decrease in operating income as previously mentioned.

Minnesota Energy Resources Corporation
Comparison of Proposed Interim Rates to 2016 Actual (Unadjusted)
Summary of Revenue Requirements

Line No.	Description	Total MERC 2016 Unadjusted	Total MERC Interim Rate Petition Present Rates	Change
1	Average Rate Base	231,685,520	289,503,028	57,817,508
2	Operating Income	13,846,606	12,904,548	(942,058)
3	Allowance for funds used during Construction	-	-	-
4	Total Available for Return	13,846,606	12,904,548	(942,058)
5	Overale Rate of Return (Line 4 / Line 1)	5.98%	4.46%	-1.52%
6	Required Rate of Return	6.68%	6.41%	-0.27%
7	Required Operating Income (Line 1 x Line 6)	15,476,593	18,568,901	3,092,309
8	Income Deficiency (Line 7 - Line 4)	1,629,987	5,664,353	4,034,367
9	Gross Revenue Conversion Factor	1.704	1.704	0.000
10	Revenue Defieciency (Line 8 x Line 9)	2,777,498	9,652,055	6,874,557
11	Retail Related Revenues Under Present Rates	224,910,141	250,328,750	25,418,609
12	Percentage Increase Needed in Overall Revenue (Line 10 / Line 11)	1.23%	3.86%	2.62%

COMPARISON OF MOST RECENT COMMISSION APPROVED RATE CASE TO 2016 ACTUALS STATEMENT OF OPERATING INCOME DESCRIPTION OF CHANGES

Utility operating income increased by approximately $1.7M for MERC's Minnesota Operations the Company's 2016 test year used for the most recent Commission approved rate case, at Docket No. G011/GR-15-736, compared to the 2016 historic year.

Major components of the increase include:

An increase in operating revenues of $0.9M, primarily driven by an increase in margin from Transportation sales and offset by revenues from system sales customers.

Operating and Maintenance expenses increased $2.7M.

Amortization increased $2.4M due to collection of CIP CCRA revenues in 2016 actuals.

Property taxes increased $0.6M.

Taxes other than income taxes excluding property taxes decreased $0.2M.

Income taxes increased $1.8M.

Minnesota Energy Resources Corporation
Comparison of Most Recent General Rate Case to 2016 Actual (Unadjusted)
Statement of Operating Income

Minnesota Energy Resources Corporation
Docket No. G011/GR-17-563
Schedule E
Part 1 of 3

Line No.	Description	Total MERC From Most Recent General Rate Case Filing (2016)	Total MERC 2016 Unadjusted	Change
	Operating Revenues			
1	Retail	220,495,582	215,092,830	(5,402,752)
2	Weather Impact Net Margin Adjustment	-	-	-
3	Interdepartmental & Transportation	7,606,083	9,817,311	2,211,228
4	Other Operating	1,013,854	5,114,581	4,100,727
6	**Total Operating Revenues**	229,115,519	230,024,722	909,203
	Expenses			
	Operating Expenses:			
7	Purchased Gas	128,288,528	120,759,086	(7,529,442)
8	Other Production	1,515,246	1,364,717	(150,529)
9	Transmission	36,762	52,523	15,761
10	Distribution	20,052,570	17,617,443	(2,435,127)
11	Customer Accounting	8,850,305	10,212,669	1,362,364
12	Customer Service & Information	1,239,817	1,104,523	(135,294)
13	Administrative & General	18,148,894	22,193,767	4,044,873
14	Amortizations	12,405,681	14,855,437	2,449,756
15	Total Operating Expenses	190,537,803	188,160,165	(2,377,638)
16	Depreciaiton	11,494,009	11,341,621	(152,388)
	Taxes:			
18	Property	8,253,415	8,889,411	635,996
19	Federal & State Income Tax	4,541,760	6,323,946	1,782,186
20	Payroll & Other	1,626,814	1,430,893	(195,921)
21	Total Taxes	14,421,989	16,644,250	2,222,261
22	Total Expenses	216,453,801	216,146,036	(307,765)
23	Tax Effect of Interest Allowed	(503,730)	17,125	520,855
24	Allowance for Funds Used During Construction	-	-	-
25	Other Interest	297	49,205	48,908
26	Total Operating Income	12,157,691	13,846,606	1,688,915

COMPARISON OF MOST RECENT COMMISSION APPROVED RATE CASE TO 2016 ACTUALS
RATE BASE
DESCRIPTION OF CHANGES

Utility rate base decreased by approximately $2.7M for MERC’s Minnesota Operations from the Company’s 2016 test year used for the most recent Commission approved rate case, at Docket No. G011/GR-15-736, compared to the 2016 historic year.

Major components of the change of rate base include:

Net utility plant decreased by $1.5M.

The cost of gas in storage increased by $2.4M.

Cash working capital decreased by $3.5M

Minnesota Energy Resources Corporation
Comparison of Most Recent General Rate Case to 2016 Actual (Unadjusted)
Detailed Rate Base Components

Line No.	Description	Total MERC From Most Recent General Rate Case Filing (2016)	Total MERC 2016 Unadjusted	Change
1	Plant in Service	464,403,156	453,242,670	(11,160,486)
2	Property Held for Future Use	-	-	-
3	Construction Work in Progress	-	3,968,166	3,968,166
4	Accumulated Depreciation and Plant Deferred Taxes	(243,555,309)	(237,905,226)	5,650,083
5	Customer Advances	-	(36,179)	
6	Net Utility Plant	220,847,847	219,269,431	(1,542,237)
7	Cash Working Capital	384,967	(3,084,437)	(3,469,404)
	Other Rate Base Items			
8	Materials and Supplies	189,866	233,017	43,151
9	Gas Storage	6,486,821	8,888,777	2,401,956
10	Prepayments	476,778	1,719,069	1,242,291
11	Non-Plant Assets & Liabilities	6,008,944	4,659,663	(1,349,281)
12	Total Other Rate Base Items	13,162,409	15,500,526	2,338,117
13	Total Average Rate Base	234,395,223	231,685,520	(2,673,524)

COMPARISON OF MOST RECENT COMMISSION APPROVED RATE CASE TO 2016 ACTUALS REVENUE REQUIREMENTS DESCRIPTION OF CHANGES

The revenue requirement decreased by approximately $4.0M for MERC's Minnesota Operations from the Company's 2016 test year used for the most recent Commission approved rate case, at Docket No. G011/GR-15-736, compared to the 2016 historic year.

The major components of the change in revenue requirement include:

Increase in Operating Income as previously mentioned.

Decrease in rate base as previously mentioned.

Minnesota Energy Resources Corporation
Comparison of Most Recent General Rate Case to 2016 Actual (Unadjusted)
Summary of Revenue Requirements

Line No.	Description	Total MERC From Most Recent General Rate Case Filing (2016)	Total MERC 2016 Unadjusted	Change
1	Average Rate Base	234,395,223	231,685,520	(2,709,703)
2	Operating Income	12,157,691	13,846,606	1,688,915
3	Allowance for funds used during Construction	-	-	-
4	Total Available for Return	12,157,691	13,846,606	1,688,915
5	Overall Rate of Return (Line 4 / Line 1)	5.19%	5.98%	0.79%
6	Required Rate of Return	6.88%	6.68%	-0.20%
7	Required Operating Income (Line 1 x Line 6)	16,136,236	15,476,593	(659,643)
8	Income Deficiency (Line 7 - Line 4)	3,978,545	1,629,987	(2,348,558)
9	Gross Revenue Conversion Factor	1.703	1.704	0.001
10	Revenue Defieciency (Line 8 x Line 9)	6,775,462	2,777,498	(3,997,964)
11	Retail Related Revenues Under Present Rates	228,101,665	224,910,141	(3,191,524)
12	Percentage Increase Needed in Overall Revenue (Line 10 / Line 11)	2.97%	1.23%	-1.74%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED INTERIM RATES (INCLUDING GAS COSTS)

Current MERC Customer Class	Proposed MERC Customer Class		Current Revenues		Proposed Revenues		$ Increase/ (Decrease)	% Increase/ (Decrease)
	NNG SALES							
GS-NNG Residential Sales	GS-NNG Residential Sales	$	123,634,947	$	128,559,375	$	4,924,428	3.98%
GS-NNG Residential Farm-Tap Sales	GS-NNG Residential Farm-Tap Sales	$	1,759,677	$	1,822,950	$	63,273	3.60%
GS-NNG SC&I Sales	C&I FIRM Class 1	$	5,849,862	$	6,106,788	$	256,926	4.39%
GS-NNG SC&I Sales	Agriculture Grain Dryer - Class 1	$	325	$	348	$	23	6.94%
GS-NNG SC&I Sales	GS-NNG SC&I Farm-Tap Sales	$	215,282	$	223,069	$	7,786	3.62%
GS-NNG LC&I Sales	C&I FIRM Class 2	$	44,706,520	$	46,086,713	$	1,380,194	3.09%
GS-NNG LC&I Sales	C&I FIRM Class 3	$	1,844,420	$	1,889,024	$	44,604	2.42%
GS-NNG LC&I Sales	Power Generating Unit - Class 1	$	2,605	$	2,739	$	133	5.12%
GS-NNG LC&I Sales	Agriculture Grain Dryer - Class 1	$	5,887	$	6,099	$	212	3.60%
GS-NNG LC&I Sales	GS-NNG LC&I Farm-Tap Sales	$	2,046,360	$	2,102,363	$	56,003	2.74%
SVI-NNG Sales	C&I INT Class 2	$	4,832,510	$	4,955,875	$	123,365	2.55%
SVI-NNG Sales	C&I INT Class 3	$	2,447,318	$	2,497,326	$	50,008	2.04%
SVI-NNG Sales	Agriculture Grain Dryer - Class 1	$	90,019	$	93,527	$	3,508	3.90%
SVI-NNG Sales	Agriculture Grain Dryer - Class 2	$	410,432	$	421,021	$	10,589	2.58%
LVI-NNG Sales	C&I INT Class 2	$	242,941	$	247,542	$	4,601	1.89%
LVI-NNG Sales	C&I INT Class 3	$	3,263,648	$	3,303,714	$	40,066	1.23%
LVI-NNG Sales	Power Generating Unit - Class 1	$	80,912	$	82,693	$	1,781	2.20%
LVI-NNG Sales	Agriculture Grain Dryer - Class 1	$	32,052	$	33,634	$	1,582	4.94%
LVI-NNG Sales	Agriculture Grain Dryer - Class 2	$	517,948	$	526,550	$	8,601	1.66%
SVJ-NNG Sales	C&I JOINT Class 2	$	80,307	$	82,466	$	2,159	2.69%
	CONSOLIDATED SALES							
GS-CONSOLIDATED Residential Sales	GS-CONSOLIDATED Residential Sales	$	19,947,791	$	20,825,796	$	878,005	4.40%
GS-CONSOLIDATED SC&I Sales	C&I FIRM Class 1	$	1,870,527	$	1,959,056	$	88,529	4.73%
GS-CONSOLIDATED SC&I Sales	Agriculture Grain Dryer - Class 1	$	4,725	$	4,916	$	191	4.04%
GS-CONSOLIDATED LC&I Sales	C&I FIRM Class 2	$	12,605,428	$	13,056,306	$	450,878	3.58%
GS-CONSOLIDATED LC&I Sales	C&I FIRM Class 3	$	294,867	$	303,031	$	8,163	2.77%
GS-CONSOLIDATED LC&I Sales	Agriculture Grain Dryer - Class 1	$	4,216	$	4,399	$	182	4.32%
SVI-CONSOLIDATED Sales	C&I INT Class 2	$	1,295,907	$	1,330,219	$	34,313	2.65%
SVI-CONSOLIDATED Sales	C&I INT Class 3	$	683,526	$	698,988	$	15,462	2.26%
SVI-CONSOLIDATED Sales	Agriculture Grain Dryer - Class 1	$	5,280	$	5,528	$	248	4.70%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED INTERIM RATES (INCLUDING GAS COSTS)

Current MERC Customer Class	Proposed MERC Customer Class		Current Revenues		Proposed Revenues		$ Increase/ (Decrease)	% Increase/ (Decrease)
SVI-CONSOLIDATED Sales	Agriculture Grain Dryer - Class 2	$	10,535	$	10,894	$	359	3.41%
LVI-CONSOLIDATED Sales	C&I INT Class 2	$	15,049	$	15,529	$	480	3.19%
LVI-CONSOLIDATED Sales	C&I INT Class 3	$	436,072	$	442,018	$	5,946	1.36%
LVI-CONSOLIDATED Sales	C&I INT Class 4	$	1,301,235	$	1,318,683	$	17,447	1.34%
SVJ-CONSOLIDATED Sales	C&I JOINT Class 2	$	116,738	$	120,029	$	3,290	2.82%
	ALBERT LEA-NNG SALES							
GS-ALBERT LEA NNG Residential Sales	GS-ALBERT LEA NNG Residential Sales	$	6,620,211	$	6,871,590	$	251,379	3.80%
GS-ALBERT LEA NNG SC&I Sales	C&I FIRM Class 1	$	100,534	$	103,757	$	3,222	3.21%
GS-ALBERT LEA NNG LC&I Sales	C&I FIRM Class 2	$	2,245,686	$	2,314,993	$	69,307	3.09%
GS-ALBERT LEA NNG LC&I Sales	C&I FIRM Class 3	$	354,946	$	363,447	$	8,501	2.40%
SVI-ALBERT LEA NNG Sales	C&I INT Class 2	$	236,720	$	242,048	$	5,329	2.25%
SVI-ALBERT LEA NNG Sales	C&I INT Class 3	$	385,085	$	392,340	$	7,254	1.88%
SVI-ALBERT LEA NNG Sales	Agriculture Grain Dryer - Class 1	$	21,135	$	21,962	$	827	3.91%
SVI-ALBERT LEA NNG Sales	Agriculture Grain Dryer - Class 2	$	17,340	$	17,739	$	399	2.30%
LVI-ALBERT LEA NNG Sales	C&I INT Class 2	$	141,306	$	143,532	$	2,226	1.58%
LVI-ALBERT LEA NNG Sales	C&I INT Class 3	$	438,595	$	443,591	$	4,995	1.14%
	NNG TRANSPORT							
SVI-NNG Transport	C&I INT Class 3	$	193,910	$	211,343	$	17,433	8.99%
SVI-NNG Transport	C&I INT Class 4	$	137,445	$	149,802	$	12,356	8.99%
LVI-NNG Transport - CIP Applicable	C&I INT Class 3	$	1,197,249	$	1,304,881	$	107,633	8.99%
LVI-NNG Transport - CIP Applicable	C&I INT Class 4	$	583,736	$	636,214	$	52,478	8.99%
LVI-NNG Transport - CIP Applicable	Agriculture Grain Dryer - Class 3	$	89,082	$	97,090	$	8,008	8.99%
SVJ-NNG Transport	C&I JOINT Class 2	$	145,463	$	158,540	$	13,077	8.99%
SVJ-NNG Transport	C&I JOINT Class 3	$	328,091	$	357,587	$	29,495	8.99%
SVJ-NNG Transport	Agriculture Grain Dryer - Class 2	$	10,651	$	11,609	$	958	8.99%
LVJ-NNG Transport - CIP Applicable	C&I JOINT Class 2	$	8,181	$	8,916	$	735	8.99%
LVJ-NNG Transport - CIP Applicable	C&I JOINT Class 3	$	753,665	$	821,420	$	67,754	8.99%
LVJ-NNG Transport - CIP Applicable	C&I JOINT Class 4	$	200,516	$	218,542	$	18,026	8.99%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED INTERIM RATES (INCLUDING GAS COSTS)

Current MERC Customer Class	Proposed MERC Customer Class		Current Revenues		Proposed Revenues		$ Increase/ (Decrease)	% Increase/ (Decrease)
LVJ-NNG Transport - CIP Exempt	C&I JOINT Class 5 - CIP Exempt	$	808,513	$	881,199	$	72,685	8.99%
SLVI-NNG Transport-CIP Exempt	C&I INT Class 5 - CIP Exempt	$	1,079,072	$	1,086,213	$	7,141	0.66%
SLVI-NNG Transport-CIP Applicable	C&I INT Class 4	$	78,908	$	79,922	$	1,014	1.29%
SLVJ-NNG Transport-CIP Exempt	Power Generating Unit - Class 2 CIP Exempt	$	457,992	$	482,965	$	24,972	5.45%
Transport for Resale	Transport for Resale	$	18,952	$	20,656	$	1,704	8.99%
LVJ-NNG Flex Transport (Cust "A")	LVJ-NNG Flex Transport (Cust "A")	$	227,884	$	231,525	$	3,641	1.60%
LVI-NNG Flex Transport (Cust "B")	LVI-NNG Flex Transport (Cust "B")	$	-	$	-	$	-	0.00%
LVI-NNG Flex Transport (Cust "C")	LVI-NNG Flex Transport (Cust "C")	$	-	$	-	$	-	0.00%
LVI-NNG Flex Transport (Cust "D")	LVI-NNG Flex Transport (Cust "D")	$	-	$	-	$	-	0.00%
LVJ-NNG Flex Transport (Cust "E")	LVJ-NNG Flex Transport (Cust "E")	$	137,300	$	139,566	$	2,265	1.65%
LVJ-NNG Flex Transport (Cust "F")	LVJ-NNG Flex Transport (Cust "F")	$	209,337	$	214,192	$	4,855	2.32%
LVJ-NNG Flex Transport (Cust "G")	LVJ-NNG Flex Transport (Cust "G")	$	66,696	$	69,447	$	2,751	4.12%
	CONSOLIDATED TRANSPORT							
SVI-CONSOLIDATED Transport	C&I INT Class 2	$	44,127	$	48,094	$	3,967	8.99%
SVI-CONSOLIDATED Transport	C&I INT Class 3	$	101,348	$	110,459	$	9,111	8.99%
LVI-CONSOLIDATED Transport	C&I INT Class 3	$	211,227	$	230,216	$	18,989	8.99%
LVI-CONSOLIDATED Transport	C&I INT Class 4	$	230,165	$	250,857	$	20,692	8.99%
SVJ-CONSOLIDATED Transport	C&I JOINT Class 2	$	214,739	$	234,044	$	19,305	8.99%
SVJ-CONSOLIDATED Transport	C&I JOINT Class 3	$	58,340	$	63,584	$	5,245	8.99%
LVJ-CONSOLIDATED Transport	C&I JOINT Class 3	$	876,513	$	955,312	$	78,799	8.99%
SLVJ-CONSOLIDATED Transport-CIP Exempt	C&I INT Class 5 - CIP Exempt	$	499,741	$	510,789	$	11,048	2.21%
	ALBERT LEA-NNG TRANSPORT							
SVI-ALBERT LEA Transport	C&I INT Class 3	$	41,444	$	45,169	$	3,726	8.99%
LVI-ALBERT LEA Transport	C&I INT Class 3	$	101,032	$	110,115	$	9,083	8.99%
	Total NNG Sales Customers	$	192,063,974	$	199,043,816	$	6,979,842	3.63%
	Total Consolidated Sales Customers	$	38,591,897	$	40,095,390	$	1,503,492	3.90%
	Total Albert Lea Sales Customers	$	10,561,559	$	10,914,998	$	353,438	3.35%

MINNESOTA ENERGY RESOURCES CORPORATION
COMPARISON OF REVENUE FROM CURRENT AND PROPOSED INTERIM RATES (INCLUDING GAS COSTS)

Current MERC Customer Class	Proposed MERC Customer Class	Current Revenues	Proposed Revenues	$ Increase/ (Decrease)	% Increase/ (Decrease)
	TOTAL SALES CUSTOMERS	**$ 241,217,431**	**$ 250,054,203**	**$ 8,836,772**	**3.66%**
	Total NNG Transport Customers	$ 6,732,643	$ 7,181,626	$ 448,983	6.67%
	Total Consolidated Transport Customers	$ 2,236,200	$ 2,403,356	$ 167,156	7.48%
	Total Albert Lea Transport Customers	$ 142,476	$ 155,284	$ 12,809	8.99%
	TOTAL TRANSPORT CUSTOMERS	**$ 9,111,319**	**$ 9,740,266**	**$ 628,947**	**6.90%**
	Total NNG Customers	$ 198,796,617	$ 206,225,441	$ 7,428,824	3.74%
	Total Consolidated Customers	$ 40,828,098	$ 42,498,746	$ 1,670,648	4.09%
	Total Albert Lea Customers	$ 10,704,035	$ 11,070,282	$ 366,247	3.42%
	TOTAL	**$ 250,328,750**	**$ 259,794,469**	**$ 9,465,720**	**3.78%**

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

In the Matter of the Application of	)	Docket No. G011/GR-17-563
Minnesota Energy Resources Corporation	)	
for Authority to Increase Rates for Natural	)	**AGREEMENT AND UNDERTAKING**
Gas Service in Minnesota	)	

Minnesota Energy Resources Corporation ("MERC"), in conjunction with the Notice and Petition for Interim Rates filing with the Minnesota Public Utilities Commission (the "Commission") makes the following unqualified agreement concerning refunding any portion of the requested increase in rates determined by the Commission to be unreasonable.

Pursuant to Minn. R. 7825.3300, MERC hereby agrees and undertakes to refund to its customers the amount, if any, collected during the interim rate period, plus interest at the current rate determined by the Commission, computed from the effective date of the interim rates through the date of refund. The refund shall be made in accordance with Minn. Stat. § 216B.16, subd. 3, and in a manner approved by the Commission.

In addition, MERC agrees to keep such records of sales and billings under the proposed interim rates as will be necessary to compute any potential refund.

This Agreement and Undertaking is made pursuant to authority granted by the Board of Directors of Minnesota Energy Resource Corporation.

Dated: October 13, 2017

Respectfully submitted,

J Patrick Keyes

J. Patrick Keyes
President
Minnesota Energy Resources Corporation
231 W. Michigan St.
Milwaukee, WI 53203

Subscribed and sworn to before me
this 13th day of October, 2017.

Susan L. Wanzala

Notary Public, State of ~~Minnesota~~ Wisconsin

Expires: 2/2/2021

CERTIFICATION OF OFFICER OF MINNESOTA ENERGY RESOURCES CORPORATION

As required by the Minnesota Public Utilities Commission's Statement of Policy on Interim Rates dated April 14, 1982, I hereby certify and affirm that the petition of Minnesota Energy Resources Corporation for approval of Proposed Interim Rates and Final Rates is in compliance with Minnesota Statutes.

Dated: October 13, 2017

Respectfully submitted,

J. Patrick Keyes
President
Minnesota Energy Resources Corporation
231 W. Michigan St.
Milwaukee, WI 53203

Subscribed and sworn to before me
this 13th day of October, 2017.

Susan L. Wanyala

Notary Public, State of ~~Minnesota~~ Wisconsin

Expires: 2/2/2021

IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS RATES FOR HISTORICAL CUSTOMERS SERVED BY THE ALBERT LEA PGA INTERIM GAS RATES IN EFFECT JANUARY 1, 2018

Minnesota Energy Resources has asked the Minnesota Public Utilities Commission ("MPUC") for approval to increase rates for natural gas distribution service. The requested increase is for approximately $12.5 million or about 5.05 percent per year. The requested increase would add about $6 to a typical Residential customer's monthly bill.

While the MPUC considers Minnesota Energy Resources' request, state law allows Minnesota Energy Resources to collect higher rates on an interim (temporary) basis. **The overall interim rate increase is about $9.5 million, or an average of 3.78 percent more than current rates.** This increase appears on your bill as "Interim Rate Adjustment."

The MPUC will likely decide on our requested rate increase in the fall of 2018. If final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, we will not charge customers the difference. If you move before we issue a refund and we cannot find you, we may treat your refund as abandoned property. This means we will send your refund to the Minnesota Department of Commerce, Unclaimed Property Unit. You can check for unclaimed property at missingmoney.com. To make sure we can send you any refund owed, please provide a forwarding address when you stop service.

Minnesota Energy Resources is also requesting approval from the MPUC to restructure our Commercial and Industrial customer rates to more accurately group customers together based on natural gas usage. In addition to creating additional Commercial and Industrial Firm and Interruptible classes based on usage, Minnesota Energy Resources is proposing to create new Agricultural Grain Dryer and Electric Generation customer classes. Finally, Minnesota Energy Resources is proposing to establish separate Farm Tap customer classes for customers who are directly connected to the Northern Natural Gas interstate pipeline through a tap provided by the pipeline in consideration for an easement.

Why is Minnesota Energy Resources requesting an increase?

Our last request for a rate increase for natural gas distribution service was made in 2015. Since that time, we have made and continue to make significant investments to serve our customers. These investments, such as our ongoing pipeline replacement programs, maintain the safety and reliability of our natural gas system and benefit our customers and communities. We are improving and modernizing natural gas pipelines and distribution mains throughout our service area.

How Will The Rate Change Affect Monthly Bills?

Customer bills contain three parts: the Customer Charge, the Distribution Charge, and the cost of gas. The proposed rate increase will affect individual monthly bills differently depending on natural gas use and customer type. The proposed Customer Charges and the Distribution Charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of natural gas – which is passed on to you directly without any mark up. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

The chart below shows the effect of the interim and proposed rate change on monthly bills for customers with average natural gas use. Because Minnesota Energy Resources is proposing to create new rate classes, some customers' final proposed bill will depend on which new rate class they fall into, which will be determined based on usage. These proposed new classes will not impact interim rates.

PROPOSED CHANGE IN AVERAGE MONTHLY BILLS

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Average Monthly Usage (Therms)	Present Monthly Bill	Interim Monthly Bill	Proposed Monthly Bill
ALBERT LEA SALES						
GS- Residential Sales	GS- Residential Sales	N/A	72	$58	$60	$64
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	299	$217	$224	$236
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	331	$235	$243	$251
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	25,308	$16,134	$16,520	$15,483
SVI- Sales	C&I INT Class 2	1,501 - 100,000	3,249	$1,621	$1,658	$1,633
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	50,860	$24,068	$24,521	$24,007
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	469	$311	$323	$305
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	2,875	$1,445	$1,478	$1,355
LVI- Sales	C&I INT Class 2	1,501 - 100,000	3,800	$1,723	$1,750	$1,902
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	102,399	$43,860	$44,359	$48,167
ALBERT LEA TRANSPORT						
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	14,854	$1,727	$1,882	$1,722
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	73,366	$4,210	$4,588	$7,264

PROPOSED CHANGES FOR MONTHLY CUSTOMER CHARGE AND THE PER UNIT GAS DISTRIBUTION CHARGE.

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Current Customer Charge	Current Distribution Charge	Proposed Customer Charge	Proposed Distribution Charge
ALBERT LEA SALES						
GS- Residential Sales	GS- Residential Sales	N/A	$7.25	$0.24116	$9.50	$0.28789
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	$11.50	$0.22065	$18.00	$0.26259
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	$25.00	$0.16885	$45.00	$0.15543
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	$25.00	$0.16885	$165.00	$0.13758
SVI- Sales	C&I INT Class 2	1,501 - 100,000	$89.50	$0.09740	$45.00	$0.11472
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	$89.50	$0.09740	$165.00	$0.09472
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	$89.50	$0.09740	$45.00	$0.17953
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	$89.50	$0.09740	$45.00	$0.08150
LVI- Sales	C&I INT Class 2	1,501 - 100,000	$99.50	$0.05329	$45.00	$0.11472
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	$99.50	$0.05329	$165.00	$0.09472
ALBERT LEA TRANSPORT						
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	$280.00	$0.09740	$315.00	$0.09472
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	$300.00	$0.05329	$315.00	$0.09472

This chart shows the current and proposed Customer Charge and Distribution Charge for each customer class based on Minnesota Energy Resources' proposed new customer classes.

How do I determine what rate class I am in?
Customers that fall into the Commercial, Industrial, Farm Tap, Firm, or Interruptible classes are grouped based on their annual natural gas usage. For example, a customer, whether Firm or Interruptible, Commercial, Industrial, or Farm Tap, that annually uses less than or equal to 1,500 therms of natural gas would be considered a Class 1 customer under Minnesota Energy Resources' proposed customer classes. Residential customers (i.e., those customers taking natural gas for residential use), however, do not fall into class categories.

What is the process for reviewing Minnesota Energy Resources' request?
In addition to the review by the MPUC, the Minnesota Department of Commerce conducts an investigation of Minnesota Energy Resources' books and records. The Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division may investigate this proposal, as well as other parties such as customer or public interest groups.

The MPUC will hold public hearings for customers to speak and will ask for written comments about our rate increase request. You may add verbal comments, written comments, or both into the record. Notice of the public hearing dates and locations are published in local newspapers, in bill inserts, and on the internet at www.minnesotaenergyresources.com.

HOW TO LEARN MORE

Minnesota Energy Resources' current and proposed rate schedules are available at:

Minnesota Energy Resources
2665 145th Street West
Rosemount, MN 55068
Phone: 1-800-889-9508
Web: www.minnesotaenergyresources.com/company/rate_case.aspx

You may also contact the Minnesota Department of Commerce at:

Minnesota Department of Commerce
85 Seventh Place East, Suite 500
St. Paul, MN 55101
Phone: 651-539-1534
Web: mn.gov/puc
Select eDockets, then type 17 in the year field, type 563 in the number field, select Search, and the list of documents will appear on the next page.

Citizens with hearing or speech disabilities may call through their preferred Telecommunications Relay Service.

Questions about the Minnesota Public Utilities Commission's review process?

Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101
Phone: 651-296-0406 or 1-800-657-3782
Email: consumer.puc@ state.mn.us

IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS RATES
FOR CUSTOMERS SERVED BY THE CONSOLIDATED PGA
INTERIM GAS RATES IN EFFECT JANUARY 1, 2018

Minnesota Energy Resources has asked the Minnesota Public Utilities Commission ("MPUC") for approval to increase rates for natural gas distribution service. The requested increase is for approximately $12.5 million or about 5.05 percent per year. The requested increase would add about $3 to a typical Residential customer's monthly bill.

While the MPUC considers Minnesota Energy Resources' request, state law allows Minnesota Energy Resources to collect higher rates on an interim (temporary) basis. **The overall interim rate increase is about $9.5 million, or an average of 3.78 percent more than current rates.** This increase appears on your bill as "Interim Rate Adjustment."

The MPUC will likely decide on our requested rate increase in the fall of 2018. If final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, we will not charge customers the difference. If you move before we issue a refund and we cannot find you, we may treat your refund as abandoned property. This means we will send your refund to the Minnesota Department of Commerce, Unclaimed Property Unit. You can check for unclaimed property at missingmoney.com. To make sure we can send you any refund owed, please provide a forwarding address when you stop service.

Minnesota Energy Resources is also requesting approval from the MPUC to restructure our Commercial and Industrial customer rates to more accurately group customers together based on natural gas usage. In addition to creating additional Commercial and Industrial Firm and Interruptible classes based on usage, Minnesota Energy Resources is proposing to create new Agricultural Grain Dryer and Electric Generation customer classes. Finally, Minnesota Energy Resources is proposing to establish separate Farm Tap customer classes for customers who are directly connected to the Northern Natural Gas interstate pipeline through a tap provided by the pipeline in consideration for an easement.

Why is Minnesota Energy Resources requesting an increase?
Our last request for a rate increase for natural gas distribution service was made in 2015. Since that time, we have made and continue to make significant investments to serve our customers. These investments, such as our ongoing pipeline replacement programs, maintain the safety and reliability of our natural gas system and benefit our customers and communities. We are improving and modernizing natural gas pipelines and distribution mains throughout our service area.

How Will The Rate Change Affect Monthly Bills?
Customer bills contain three parts: the Customer Charge, the Distribution Charge, and the cost of gas. The proposed rate increase will affect individual monthly bills differently depending on natural gas use and customer type. The proposed Customer Charges and the Distribution Charges recover only the cost of providing distribution service to our customers. These rates do not include the wholesale cost of natural gas – which is passed on to you directly without any mark up. Your monthly bills will continue to vary due to changes in the wholesale cost of natural gas.

The chart below shows the effect of the interim and proposed rate change on monthly bills for customers with average natural gas use. Because Minnesota Energy Resources is proposing to create new rate classes, some customers' final proposed bill will depend on which new rate class they fall into, which will be determined based on usage. These proposed new classes will not impact interim rates.

PROPOSED CHANGE IN AVERAGE MONTHLY BILLS

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Average Monthly Usage (Therms)	Present Monthly Bill	Interim Monthly Bill	Proposed Monthly Bill
CONSOLIDATED SALES						
GS- Residential Sales	GS- Residential Sales	N/A	72	$55	$57	$58
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	85	$70	$73	$73
GS- SC&I Sales	Agriculture Grain Dryer - Class 1	0- 20,000	186	$131	$137	$151
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	507	$328	$340	$321
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	9,692	$5,461	$5,612	$5,277
GS- LC&I Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	234	$176	$183	$178
SVI- Sales	C&I INT Class 2	1,501 - 100,000	4,794	$2,146	$2,202	$2,109
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	18,838	$7,948	$8,128	$7,897
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	666	$440	$461	$375
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	1,726	$878	$908	$730
LVI- Sales	C&I INT Class 2	1,501 - 100,000	1,538	$752	$776	$707
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	58,581	$21,804	$22,101	$24,211
LVI- Sales	C&I INT Class 4	1,000,001 - 2,000,000	89,909	$33,365	$33,812	$35,085
SVJ- Sales	C&I JOINT Class 2	1,501 - 100,000	5,288	$2,432	$2,501	$2,657

CONSOLIDATED TRANSPORT						
SVI- Transport	C&I INT Class 2	1,501 - 100,000	4,804	$748	$815	$746
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	11,379	$1,388	$1,513	$1,393
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	52,661	$3,106	$3,386	$5,303
LVI- Transport - CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	326,610	$17,705	$19,297	$23,988
SVJ- Transport	C&I JOINT Class 2	1,501 - 100,000	6,443	$1,090	$1,188	$1,677
SVJ- Transport	C&I JOINT Class 3	100,001 - 1,000,000	23,553	$3,241	$3,532	$5,405
LVJ- Transport - CIP Applicable	C&I JOINT Class 3	100,001 - 1,000,000	102,307	$6,691	$7,292	$14,030
SLVJ- Transport-CIP Exempt	C&I INT Class 5 – CIP Exempt	>200,000	599,536	$6,941	$7,094	$6,739

PROPOSED CHANGES FOR MONTHLY CUSTOMER CHARGE AND THE PER UNIT GAS DISTRIBUTION CHARGE.

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Current Customer Charge	Current Distribution Charge	Proposed Customer Charge	Proposed Distribution Charge
CONSOLIDATED SALES						
GS- Residential Sales	GS- Residential Sales	N/A	$9.50	$0.24116	$9.50	$0.28789
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	$18.00	$0.22065	$18.00	$0.26259
GS- SC&I Sales	Agriculture Grain Dryer - Class 1	0- 20,000	$18.00	$0.22065	$45.00	$0.17953
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	$45.00	$0.16885	$45.00	$0.15543
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	$45.00	$0.16885	$165.00	$0.13758
GS- LC&I Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	$45.00	$0.16885	$45.00	$0.17953
SVI- Sales	C&I INT Class 2	1,501 - 100,000	$165.00	$0.09740	$45.00	$0.11472
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	$165.00	$0.09740	$165.00	$0.09472
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	$165.00	$0.09740	$45.00	$0.17953
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	$165.00	$0.09740	$45.00	$0.08150
LVI- Sales	C&I INT Class 2	1,501 - 100,000	$185.00	$0.05329	$45.00	$0.11472
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	$185.00	$0.05329	$165.00	$0.09472
LVI- Sales	C&I INT Class 4	1,000,001 - 2,000,000	$185.00	$0.05329	$185.00	$0.07242
SVJ- Sales	C&I JOINT Class 2	1,501 - 100,000	$165.00	$0.09740	$45.00	$0.11472

CONSOLIDATED TRANSPORT						
SVI- Transport	C&I INT Class 2	1,501 - 100,000	$280.00	$0.09740	$195.00	$0.11472
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	$280.00	$0.09740	$315.00	$0.09472
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	$300.00	$0.05329	$315.00	$0.09472
LVI- Transport - CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	$300.00	$0.05329	$335.00	$0.07242
SVJ- Transport	C&I JOINT Class 2	1,501 - 100,000	$280.00	$0.09740	$195.00	$0.11472
SVJ- Transport	C&I JOINT Class 3	100,001 - 1,000,000	$280.00	$0.09740	$315.00	$0.09472
LVJ- Transport - CIP Applicable	C&I JOINT Class 3	100,001 - 1,000,000	$300.00	$0.05329	$315.00	$0.09472
SLVJ- Transport-CIP Exempt	C&I INT Class 5 - CIP Exempt	>2,000,000	$470.00	$0.00873	$510.00	$0.00490

This chart shows the current and proposed Customer Charge and Distribution Charge for each customer class based on Minnesota Energy Resources' proposed new customer classes.

How do I determine what rate class I am in?
Customers that fall into the Commercial, Industrial, Farm Tap, Firm, or Interruptible classes are grouped based on their annual natural gas usage. For example, a customer, whether Firm or Interruptible, Commercial, Industrial, or Farm Tap, that annually uses less than or equal to 1,500 therms of natural gas would be considered a Class 1 customer under Minnesota Energy Resources' proposed customer classes. Residential customers (i.e., those customers taking natural gas for residential use), however, do not fall into class categories.

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Rosemount, MN 55068
Phone: 1-800-889-9508
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Minnesota Department of Commerce
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St. Paul, MN 55101
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Web: mn.gov/puc
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Questions about the Minnesota Public Utilities Commission's review process?

Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101
Phone: 651-296-0406 or 1-800-657-3782
Email: consumer.puc@ state.mn.us

IMPORTANT INFORMATION ABOUT YOUR NATURAL GAS RATES
FOR CUSTOMERS SERVED BY THE NORTHERN NATURAL GAS PIPELINE
INTERIM GAS RATES IN EFFECT JANUARY 1, 2018

Minnesota Energy Resources has asked the Minnesota Public Utilities Commission ("MPUC") for approval to increase rates for natural gas distribution service. The requested increase is for approximately $12.5 million or about 5.05 percent per year. The requested increase would add about $3 to a typical residential customer's monthly bill.

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The MPUC will likely decide on our requested rate increase in the fall of 2018. If final rates are lower than interim rates, we will refund customers the difference with interest. If final rates are higher than interim rates, we will not charge customers the difference. If you move before we issue a refund and we cannot find you, we may treat your refund as abandoned property. This means we will send your refund to the Minnesota Department of Commerce, Unclaimed Property Unit. You can check for unclaimed property at missingmoney.com. To make sure we can send you any refund owed, please provide a forwarding address when you stop service.

Minnesota Energy Resources is also requesting approval from the MPUC to restructure our commercial and industrial customer rates to more accurately group customers together based on natural gas usage. In addition to creating additional Commercial and Industrial Firm and Interruptible classes based on usage, Minnesota Energy Resources is proposing to create new Agricultural Grain Dryer and Electric Generation customer classes. Finally, Minnesota Energy Resources is proposing to establish separate Farm Tap customer classes for customers who are directly connected to the Northern Natural Gas interstate pipeline through a tap provided by the pipeline in consideration for an easement.

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How Will The Rate Change Affect Monthly Bills?
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The chart below shows the effect of the interim and proposed rate change on monthly bills for customers with average natural gas use. Because Minnesota Energy Resources is proposing to create new rate classes, some customers' final proposed bill will depend on which new rate class they fall into, which will be determined based on usage. These proposed new classes will not impact interim rates.

PROPOSED CHANGE IN AVERAGE MONTHLY BILLS

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Average Monthly Usage (Therms)	Present Monthly Bill	Interim Monthly Bill	Proposed Monthly Bill
NNG SALES						
GS- Residential Sales	GS- Residential Sales	N/A	73	$61	$63	$64
GS- Residential Sales	GS- Residential Farm-Tap Sales	N/A	135	$105	$109	$111
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	80	$73	$76	$76
GS- SC&I Sales	Agriculture Grain Dryer - Class 1	0- 1,500	13	$27	$29	$54
GS- SC&I Sales	GS- C&I Farm-Tap Class 1	0- 1,500	191	$150	$155	$158
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	594	$423	$436	$415
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	13,860	$8,867	$9,082	$8,554
GS- LC&I Sales	Power Generating Unit - Class 1	0 - 500,000	100	$109	$114	$103
GS- LC&I Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	315	$245	$254	$249
GS- LC&I Sales	GS- C&I Farm-Tap Class 2	1,501 - 100,000	1,256	$845	$868	$828
SVI- Sales	C&I INT Class 2	1,501 - 100,000	3,239	$1,692	$1,735	$1,628
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	13,063	$6,324	$6,453	$6,289
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	874	$577	$600	$529
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	3,105	$1,629	$1,671	$1,459

LVI- Sales	C&I INT Class 2	1,501 - 100,000	3,974	$1,883	$1,919	$1,987
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	31,521	$13,655	$13,823	$14,941
LVI- Sales	Power Generating Unit - Class 1	0 - 500,000	2,723	$1,349	$1,378	$1,362
LVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	460	$382	$400	$300
LVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	5,880	$2,698	$2,742	$2,724
SVJ- Sales	C&I JOINT Class 2	1,501 - 100,000	4,180	$2,231	$2,291	$2,475
NNG TRANSPORT						
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	9,806	$1,235	$1,346	$1,244
SVI- Transport	C&I INT Class 4	1,000,001 - 2,000,000	27,150	$2,924	$3,187	$2,301
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	60,840	$3,542	$3,861	$6,078
LVI- Transport - CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	180,030	$9,894	$10,783	$13,373
LVI- Transport - CIP Applicable	Agriculture Grain Dryer - Class 3	> 500,001	133,674	$7,423	$8,091	$8,168
SVJ- Transport	C&I JOINT Class 2	1,501 - 100,000	4,133	$799	$871	$1,144
SVJ- Transport	C&I JOINT Class 3	100,001 - 1,000,000	14,621	$2,117	$2,307	$3,469
SVJ- Transport	Agriculture Grain Dryer - Class 2	20,001 - 500,000	4,837	$888	$967	$1,145
LVJ- Transport - CIP Applicable	C&I JOINT Class 2	1,501 - 100,000	850	$356	$388	$335
LVJ- Transport - CIP Applicable	C&I JOINT Class 3	100,001 - 1,000,000	45,001	$3,249	$3,541	$6,937

LVJ- Transport - CIP Applicable	C&I JOINT Class 4	1,000,001 - 2,000,000	128,477	$8,718	$9,502	$16,375
LVJ- Transport - CIP Exempt	C&I JOINT Class 5 - CIP Exempt	>2,000,000	1,033,882	$33,688	$36,717	$9,371
SLVI- Transport-CIP Exempt	C&I INT Class 5 - CIP Exempt	>2,000,000	1,320,322	$6,385	$6,427	$6,980
SLVI- Transport-CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	87,646	$3,288	$3,330	$6,682
SLVJ- Transport-CIP Exempt	Power Generating Unit - Class 2 CIP Exempt	>500,000	1,676,072	$19,083	$20,124	$38,274
Transport for Resale	Transport for Resale	N/A	17,223	$1,579	$1,721	$1,646
LVJ- Flex Transport (Cust "A")	LVJ- Flex Transport (Cust "A")	N/A	485,401	$18,990	$19,294	$30,033
LVJ- Flex Transport (Cust "E")	LVJ- Flex Transport (Cust "E")	N/A	622,779	$11,442	$11,630	$17,391
LVJ- Flex Transport (Cust "F")	LVJ- Flex Transport (Cust "F")	N/A	126,760	$5,815	$5,950	$10,029
LVJ- Flex Transport (Cust "G")	LVJ- Flex Transport (Cust "G")	N/A	90,630	$5,558	$5,787	$13,155

PROPOSED CHANGES FOR MONTHLY CUSTOMER CHARGE AND THE PER UNIT GAS DISTRIBUTION CHARGE.

Current MERC Customer Class	Proposed MERC Customer Class	Proposed Class Annual Usage Range	Current Customer Charge	Current Distribution Charge	Proposed Customer Charge	Proposed Distribution Charge
NNG SALES						
GS- Residential Sales	GS- Residential Sales	N/A	$9.50	$0.24116	$9.50	$0.28789
GS- Residential Sales	GS- Residential Farm-Tap Sales	N/A	$9.50	$0.24116	$9.50	$0.28789
GS- SC&I Sales	C&I FIRM Class 1	0- 1,500	$18.00	$0.22065	$18.00	$0.26259
GS- SC&I Sales	Agriculture Grain Dryer - Class 1	0- 1,500	$18.00	$0.22065	$45.00	$0.17953
GS- SC&I Sales	GS- C&I Farm-Tap Class 1	0- 1,500	$18.00	$0.22065	$18.00	$0.26259
GS- LC&I Sales	C&I FIRM Class 2	1,501 - 100,000	$45.00	$0.16885	$45.00	$0.15543
GS- LC&I Sales	C&I FIRM Class 3	100,001 - 1,000,000	$45.00	$0.16885	$165.00	$0.13758
GS- LC&I Sales	Power Generating Unit - Class 1	0 - 500,000	$45.00	$0.16885	$45.00	$0.10953
GS- LC&I Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	$45.00	$0.16885	$45.00	$0.17953
GS- LC&I Sales	GS- C&I Farm-Tap Class 2	1,501 - 100,000	$45.00	$0.16885	$45.00	$0.15543
SVI- Sales	C&I INT Class 2	1,501 - 100,000	$165.00	$0.09740	$45.00	$0.11472
SVI- Sales	C&I INT Class 3	100,001 - 1,000,000	$165.00	$0.09740	$165.00	$0.09472
SVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	$165.00	$0.09740	$45.00	$0.17953
SVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	$165.00	$0.09740	$45.00	$0.08150

LVI- Sales	C&I INT Class 2	1,501 - 100,000	$185.00	$0.05329	$45.00	$0.11472
LVI- Sales	C&I INT Class 3	100,001 - 1,000,000	$185.00	$0.05329	$165.00	$0.09472
LVI- Sales	Power Generating Unit - Class 1	0 - 500,000	$185.00	$0.05329	$45.00	$0.10953
LVI- Sales	Agriculture Grain Dryer - Class 1	0 - 20,000	$185.00	$0.05329	$45.00	$0.17953
LVI- Sales	Agriculture Grain Dryer - Class 2	20,001 - 500,000	$185.00	$0.05329	$45.00	$0.08150
SVJ- Sales	C&I JOINT Class 2	1,501 - 100,000	$165.00	$0.09740	$45.00	$0.11472
NNG TRANSPORT						
SVI- Transport	C&I INT Class 3	100,001 - 1,000,000	$280.00	$0.09740	$315.00	$0.09472
SVI- Transport	C&I INT Class 4	1,000,001 - 2,000,000	$280.00	$0.09740	$335.00	$0.07242
LVI- Transport - CIP Applicable	C&I INT Class 3	100,001 - 1,000,000	$300.00	$0.05329	$315.00	$0.09472
LVI- Transport - CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	$300.00	$0.05329	$335.00	$0.07242
LVI- Transport - CIP Applicable	Agriculture Grain Dryer - Class 3	> 500,001	$300.00	$0.05329	$335.00	$0.05860
SVJ- Transport	C&I JOINT Class 2	1,501 - 100,000	$280.00	$0.09740	$195.00	$0.11472
SVJ- Transport	C&I JOINT Class 3	100,001 - 1,000,000	$280.00	0.09740	$315.00	$0.09472
SVJ- Transport	Agriculture Grain Dryer - Class 2	20,001 - 500,000	$280.00	$0.09740	$195.00	$0.08150
LVJ- Transport - CIP Applicable	C&I JOINT Class 2	1,501 - 100,000	$300.00	$0.05329	$195.00	$0.11472
LVJ- Transport - CIP Applicable	C&I JOINT Class 3	100,001 - 1,000,000	$300.00	$0.05329	$315.00	$0.09472
LVJ- Transport - CIP Applicable	C&I JOINT Class 4	1,000,001 - 2,000,000	$300.00	$0.05329	$335.00	$0.07242

LVJ- Transport - CIP Exempt	C&I JOINT Class 5 - CIP Exempt	>2,000,000	$300.00	$0.02562	$510.00	$0.00490
SLVI- Transport-CIP Exempt	C&I INT Class 5 - CIP Exempt	>2,000,000	$470.00	$0.00448	$510.00	$0.00490
SLVI- Transport-CIP Applicable	C&I INT Class 4	1,000,001 - 2,000,000	$470.00	$0.03215	$335.00	$0.07242
SLVJ- Transport-CIP Exempt	Power Generating Unit - Class 2 CIP Exempt	>500,000	$470.00	$0.00448	$510.00	$0.00490
Transport for Resale	Transport for Resale	N/A	$300.00	$0.07428	$335.00	$0.07614
LVJ- Flex Transport (Cust "A")	LVJ- Flex Transport (Cust "A")	N/A	$300.00	$0.03217	$335.00	$0.03403
LVJ- Flex Transport (Cust "E")	LVJ- Flex Transport (Cust "E")	N/A	$300.00	$0.01500	$335.00	$0.01500
LVJ- Flex Transport (Cust "F")	LVJ- Flex Transport (Cust "F")	N/A	$300.00	$0.03404	$335.00	$0.03590
LVJ- Flex Transport (Cust "G")	LVJ- Flex Transport (Cust "G")	N/A	$300.00	$0.03319	$335.00	$0.03505

This chart shows the current and proposed Customer Charge and Distribution Charge for each customer class based on Minnesota Energy Resources’ proposed new customer classes.

How do I determine what rate class I am in?
Customers that fall into the Commercial, Industrial, Farm Tap, Firm, or Interruptible classes are grouped based on their annual natural gas usage. For example, a customer, whether Firm or Interruptible, Commercial, Industrial, or Farm Tap, that annually uses less than or equal to 1,500 therms of natural gas would be considered a Class 1 customer under Minnesota Energy Resources' proposed customer classes. Residential customers (i.e., those customers taking natural gas for residential use), however, do not fall into class categories.

What is the process for reviewing Minnesota Energy Resources' request?
In addition to the review by the MPUC, the Minnesota Department of Commerce conducts an investigation of Minnesota Energy Resources' books and records. The Minnesota Office of the Attorney General – Residential Utilities and Antitrust Division may investigate this proposal, as well as other parties such as customer or public interest groups.

The MPUC will hold public hearings for customers to speak and will ask for written comments about our rate increase request. You may add verbal comments, written comments, or both into the record. Notice of the public hearing dates and locations are published in local newspapers, in bill inserts, and on the internet at www.minnesotaenergyresources.com.

HOW TO LEARN MORE
Minnesota Energy Resources current and proposed rate schedules are available at:

Minnesota Energy Resources
2665 145th Street West
Rosemount, MN 55068
Phone: 1-800-889-9508
Web: www.minnesotaenergyresources.com/company/rate_case.aspx

You may also contact the Minnesota Department of Commerce at:

Minnesota Department of Commerce
85 Seventh Place East, Suite 500
St. Paul, MN 55101
Phone: 651-539-1534
Web: mn.gov/puc
Select eDockets, then type 17 in the year field, type 563 in the number field, select Search, and the list of documents will appear on the next page.

Citizens with hearing or speech disabilities may call through their preferred Telecommunications Relay Service.

Questions about the Minnesota Public Utilities Commission's review process?

Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101
Phone: 651-296-0406 or 1-800-657-3782
Email: consumer.puc@ state.mn.us

Redlined Interim Rate Tariff Sheets

SUMMARY OF INTERIM TARIFF CHANGES

Section V – Rate Schedules

General Service – Firm	
GS-NNG	5.00
GS-Consolidated	5.02-5.02a
GS-MERC Albert Lea	5.04-5.04a
Small Volume Interruptible Service	
SVI-NNG	5.11-5.12
SVI-Consolidated	5.15-5.16
SVI-MERC Albert Lea	5.19-5.19a
Large Volume Interruptible Service	
LVI-NNG	5.21-5.21a
LVI-Consolidated	5.25-5.26
LVI-MERC Albert Lea	5.32-5.32a
Super Large Volume Service	5.50-5.51

Section VI – Transportation Schedule

Firm/Interruptible Transportation	6.01
Transportation Rate Schedule	6.09
Super Large Volume Interruptible-NNG	6.20
Super Large Volume Interruptible	6.24
Super Large Volume Interruptible-Consolidated	6.25
Super Large Volume Interruptible	6.29
Flexible Rate Gas Service	6.30-6.31
Transportation for Resale	6.40

Section VII – Purchased Gas Adjustment

Conservation Cost Recovery Charge	7.02
Conservation Cost Recovery Adjustment	7.02a
Tariff Sales Rates	7.07*

*This tariff page is filed on a monthly basis. Therefore, the tariff pages contains only those numbers that do not change from month to month.

RATE SCHEDULE GS-NNG GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.46767~~41545~~ (MERC-NNG) per therm
   A. Residential
      Customer Charge per Month - $9.50
      Distribution Charge @ $0.24116 per therm
   B. Commercial and Industrial - 1,500 therms or less per Year
      Customer Charge per Month - $18.00
      Distribution Charge @ $0.22065 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $45.00
      Distribution Charge @ $0.16885 per therm

   Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99 %. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   Monthly Minimum Bill: The minimum bill is the customer charge.

   Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

   Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions.

   Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

~~5.~~ 6. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

Issued By: Theodore Eidukas
Vice President - Regulatory Affairs
Submittal Date: ~~July 5, 2017~~October 13, 2017
*Effective with bills issued on and after this date.

*Effective Date: ~~July 1, 2017~~January 1, 2018
Proposed Effective Date: January 1, 2018~~July 1, 2017~~

CANCELED

RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.389904~~4787~~ (MERC-Consolidated) per therm
   A. Residential
      Customer Charge per Month - $9.50
      Distribution Charge @ $0.24116 per therm
   B. Commercial and Industrial - 1,500 therms or less per Year
      Customer Charge per Month – $18.00
      Distribution Charge @ $0.22065 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $45.00
      Distribution Charge @ $0.16885 per therm

   Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   Monthly Minimum Bill: The minimum bill is the customer charge.

   Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

   Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions.

   Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

Issued By: Theodore Eidukas
Vice President-Regulatory Affairs
*Effective Date: ~~March 1, 2017~~January 1, 2018
Proposed Effective Date: January 1, 2018 ~~March 1, 2017~~
Submittal Date: ~~March 10, 2017~~October 13, 2017
*Effective with bills issued on and after this date.

RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE (Continued)

~~CANCELED~~

6. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

RATE SCHEDULE GS- MERC ALBERT LEA GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas previously served by Interstate Power and Light Company and supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.46767~~1545~~ (MERC-NNG) per therm
   A. Residential
      Customer Charge per Month - $7.25
      Distribution Charge @ $0.24116 per therm
   B. Commercial and Industrial – 1,500 therms or less per Year
      Customer Charge per Month – $11.50
      Distribution Charge @ $0.22065 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $25.00
      Distribution Charge @ $0.16885 per therm

   Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   Monthly Minimum Bill: The minimum bill is the customer charge.

   Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

   Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions.

   Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE GS- MERC ALBERT LEA GENERAL SERVICE (Continued)

~~CANCELED~~

6. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by the MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

5. Rates:

A. Per month: Customer Charge $165.00 per meter
Base rate of gas @ $0.374062~~2257~~ (MERC-NNG) per therm
Distribution charge @ $0.09740 per therm

B. The base rate for DFC shall be $0.10451~~288~~ per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99 %. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

~~CANCELED~~

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

5. Rates:

A. Per month: Customer Charge $165.00 per meter
Base rate of gas @ $0.~~26791~~31575 (MERC-Consolidated) per therm
Distribution charge @ $0.09740 per therm

B. The base rate for DFC shall be $0.08505~~996~~ per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC’s General Rules, Regulations, Terms and Conditions. Btu’s will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

~~CANCELED~~

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Remarks: Reflects interim rates at Docket No. G011/GR-17-563 If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

RATE SCHEDULE SVI- MERC ALBERT LEA SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas previously served by Interstate Power and Light Company and supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

RATE SCHEDULE SVI-MERC ALBERT LEA SMALL VOLUME INTERRUPTIBLE SERVICE
(Continued)

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

5. Rates:

A. Per month: Customer Charge $89.50 per month
Base rate of gas @ $0.~~32257~~ 37406(MERC-NNG) per therm
Distribution charge @ $0.09740 per therm

B. The base rate for DFC shall be $0.10451~~288~~ per therm, if the customer has elected to obtain joint gas service per Section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5~~4~~" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

Issued By: Theodore Eidukas Vice President-Regulatory Affairs
Submittal Date: ~~July 5, 2017~~October 13, 2017

RATE SCHEDULE SVI-MERC ALBERT LEA SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

*Effective with bills issued on and after this date.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and mainline customers supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE (Continued)

5. Rates:

A. Per month: Customer Charge $185.00 per meter
Base rate of gas @ $0.374062~~2257~~ (MERC-NNG) per therm
Distribution charge @ $0.05329 per therm

B. The base rate for DFC shall be $0.10451~~288~~ per therm if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5~~4~~" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

9. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

10. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE (Continued)

11. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

12. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

11. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

CANCELED

RATE SCHEDULE LVI-CONSOLIDATED LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE LVI-CONSOLIDATED- LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

5. Rates:

A. Per month: Customer Charge - $185.00 per meter
Base rate of gas @ $0.~~26791~~ 31575 (MERC-Consolidated) per therm
Distribution charge @ $0.05329 per therm

B. The base rate for DFC shall be $0.~~08996~~ 08505 per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5~~4~~" plus either applicable charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

9. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

10. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

11. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

12. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

RATE SCHEDULE LVI-CONSOLIDATED- LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

~~CANCELED~~

13. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

CANCELED

CANCELED

CANCELED

RATE SCHEDULE LVI-MERC ALBERT LEA LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas previously served by Interstate Power and Light Company and supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE LVI-MERC ALBERT LEA- LARGE VOLUME INTERRUPTIBLE SERVICE (Continued)

5. Rates:

A. Per month: Customer Charge - $99.50 per meter
Base rate of gas @ $0.~~32257~~ 37406 (MERC-NNG) per therm
Distribution charge @ $0.05329 per therm

B. The base rate for DFC shall be $0.10451~~288~~ per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either applicable charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

9. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

10. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

11. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

RATE SCHEDULE LVI-MERC ALBERT LEA- LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

12. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

13. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE

1. Availability: Service under this rate schedule is available to large volume mainline customers supplied through Northern Natural Gas Company.

2. Applicability and Character of Service: This rate schedule shall apply to joint gas service consisting of a base of firm gas volume, supplemented by additional interruptible gas volumes authorized from day to day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1 and must maintain joint gas service and must nominate a DFC for the entire November through October period. A customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request the customer must demonstrate it has such capability and fuel supplies for amounts in excess of firm entitlement volumes to maintain operations during periods of curtailment. Customer must have capacity to take 4,000 dekatherms or more per day and annual consumption of 1.2 Bcf (1,200,000 dekatherms), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below 1,200,000 dekatherms. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

3. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

4. Rate:
   A. The customer charge shall be $350.00 per month per meter.
   B. The base rate for DFC shall be $0.09586~~.09433~~ per therm, if the customer has elected to obtain joint gas service. See Sheet No. 7.07 for rate details. No demand charge shall be billed to customer or shall be due from them for days during a month when total curtailment of their daily firm capacity entitlement was in effect. For days of partial curtailment, however, daily firm capacity charges shall be billed to and paid by customer in an amount determined by dividing the monthly daily firm capacity charge by 30 and multiplying the product by a ratio, the numerator of which is the actual volumes delivered on such day and the denominator of which is the customer's daily firm capacity.

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE (CONTINUED)

4. Rate (Continued):
   C. The base rate of gas is $0.37406~~32257~~ (MERC-NNG) per therm, and the distribution charge is $0.00448 per therm for CIP-Exempt and $0.03215 per therm for CIP-Applicable.
   D. The monthly minimum bill shall be the customer charge, the daily firm capacity charge and the applicable commodity charge for all volumes taken subject to and computed in accordance with C.
   E. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A 8.99% adjustment will be applied to customer charges prior to any applicable cost of gas charges and surcharges. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.062 by 8.99%. The interim rate adjustment will be shown as a single line item on the customer bill.

5. -Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

6. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

7. Penalty For Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $50.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "4". In addition, should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be those set out on Sheet No. 6.50.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

10. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

11. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

12. Remarks: Reflects interim rates in Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

TRANSPORTATION RATE SCHEDULE

1. Availability: Service under this rate schedule is available to any non-general service end-use customer who purchases gas supplies that can be transported on a firm or interruptible basis by MERC. Service hereunder shall be offered on a firm or interruptible basis contingent upon adequate interstate pipeline system capacity. Transportation service is not available to general service customers. Transportation is only allowed on open access pipelines (Centra is the only non-open access pipeline). Note that MERC-Albert Lea Transportation customers will be administered under NNG provisions of these tariff sheets.

   Service will be provided on a firm basis only if the customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and the customer has provided to Company a Joint Certification confirming this signed by the customer and, if applicable, the marketer. Interruptible transportation is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such customer is interrupted. At Company's request, the customer must demonstrate that it has such capability and fuel supplies.

   Class of Service: Transportation customers, if otherwise qualified for the rate, may choose transportation service from one of the following classes:

   Small Volume Interruptible Service
   Large Volume Interruptible Service

   Small Volume Joint Firm/Interruptible Service
   Large Volume Joint Firm/Interruptible Service

   Super Large Volume Interruptible Transport

   Super Large Volume Joint Firm/Interruptible Service

2. Rate:
   Fixed Rate
   Transportation Administrative Customer Charge - $110.00 per month per metered account for administrative costs related to transportation plus:
   $170.00 per month – SVI/SVJ Transport
   $190.00 per month – LVI/LVJ Transport
   $360.00 per month – SLVI/SLVJ Transport

   Daily Firm Capacity Charge
   If applicable is at the rate set in the customer's regular sales tariff schedule as shown on Sheet 7.07, Column F.

   Tariff Margin Charge
   All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for such customer as shown on Sheet 7.07, Column D. In addition, the customer must pay for all fixed gas costs assigned to the customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following:

TRANSPORTATION RATE SCHEDULE (Continued)

Daily Firm Capacity Charge
Annual Cost Adjustment Charges
Conservation Cost Recovery Charges and Conservation Cost Recovery Adjustments
Any other Fixed costs passed on by the pipeline, applicable for recovery

Additional costs will be assigned as they are authorized by the FERC or Minnesota Public Utilities Commission to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all firm volumes delivered from system gas supply shall be charged the rate set in the appropriate sales tariff schedule.

Interim Rate Adjustment: A 8.99% adjustment will be applied to each bill prior to any applicable cost of gas charges and surcharges. The interim rate adjustment will be shown as a line item adjustment on the customer bill.

3. Special Conditions:

A. Customer must have arranged for the purchase of gas other than Company's system supply and for its delivery to Company system. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company's system.

B. The customer shall execute a written contract for transportation services along with any attendant addendums pursuant to this rate schedule containing such terms and conditions as Company may reasonably require.

C. All transportation customers other than farm tap customers must have Company install telemetry equipment at the customer's expense. The telemetry equipment must be installed prior to the commencement of natural gas service to the customer. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.

D. Company's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per Company's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to Company's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service.

TRANSPORTATION RATE SCHEDULE (Continued)

The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

H. Joint rate transportation service customers can select one of the following two options:

1) Customers served under the joint sales rate may purchase both interstate pipeline capacity and Company's distribution system capacity from Company. In this case, customers would be billed the "Base Gas Cost", "PGA Adjustment", "Annual ACA Adjustment", and the "Tariff Margin" (as shown on Company's tariff sheet No. 7.07).

2) Customers may choose to separately purchase interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a Joint Certification signed by the customer and the third party supplier) and distribution system capacity from Company. In this case, customers would be billed only the "Tariff Margin" (as shown on Company tariff sheet No. 7.07).

Customers purchasing interstate pipeline capacity from third party non-regulated suppliers must be able to demonstrate they have been provided the necessary units of interstate pipeline capacity to meet their firm needs. Customers who have previously entered into contracts with Company for the purchase of interstate pipeline capacity are responsible for completing their contract obligations.

If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. <u>BTU Adjustment:</u> Customer billed usage in therm volumes will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.

5. <u>Nomination:</u> Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline.

TRANSPORTATION RATE SCHEDULE (Continued)

6. Balancing: To assure Company's system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to Company's system with volumes consumed at the delivery points.

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges as described below.

These charges are applicable only to Company's town plant customers whose supply requirements could impact other customers and do not apply to Company's mainline customers who are the only customer taking gas at those points or MERC's SLVI-NNG Transport or SLVI-Consolidated Transport customers. However, each mainline or SLVI-NNG Transport and SLVI-Consolidated Transport customer must pay for any balancing or scheduling penalties from pipelines that the customer causes Company to incur.

Daily Scheduling Charges
This section is applicable to all transportation customers except for Company's mainline or SLVI-NNG Transport or SLVI-Consolidated Transport customers. Mainline or SLVI-NNG Transport and SVLI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. Except as noted below, the following charges will apply:

Northern Natural Gas – Daily Scheduling Charges

A. A tolerance of +/-5% of confirmed nomination will be applied
B. For consumption within tolerance, no scheduling charges will be applied.
C. For consumption outside tolerance, a scheduling charge shall be applied to the volume exceeding tolerance equal to the maximum effective Northern Natural Gas TI rate for the customer's market area.

On days that Northern Natural Gas calls a **System Overrun Limitation** the following charges will be in effect:

A. For consumption greater than the confirmed nomination, the following charges will be applied:
   1. For consumption up to 105% of confirmed nomination, $1.00 per dekatherm in excess of confirmed nomination up to 105%.
   2. For consumption greater than 105% of confirmed nomination, $10.66 per dekatherm in excess of 105% of confirmed nomination.

B. For consumption less than the confirmed nomination, there is no charge.

On days that Northern Natural Gas calls a **System Underrun Limitation** the following charges will be in effect:

TRANSPORTATION RATE SCHEDULE (Continued)

A. For consumption greater than the confirmed nomination, there is no charge.
B. For consumption less than the confirmed nomination, $1.00 per dekatherm.

On days that Northern Natural Gas calls a **Critical Day** the following charges will be in effect:

A. For consumption greater than the confirmed nomination, the following charges will be applied:
   a. For consumption up to 102% of confirmed nomination, $15.00 per dekatherm in excess of confirmed nomination up to 102%.
   b. For consumption greater than 102% up to 105% of confirmed nomination, $22.00 per dekatherm in excess of 102% up to 105% of confirmed nomination.
   c. For consumption greater than 105% up to 110% of confirmed nomination, $56.50 per dekatherm in excess of 105% up to 110% of confirmed nomination.
   d. For consumption greater than 110% of confirmed nomination, $113.00 per dekatherm in excess of 110% of confirmed nomination.

B. For consumption less than the confirmed nomination, there is no charge.

These charges are in addition to any Company charges, as provided for in Company tariff, for unauthorized takes of gas when service is interrupted.

Great Lakes and Viking – Daily Scheduling Charges

Any penalties incurred as a result of the customer will be passed along to the customer.

Any upstream costs that can be specifically identified as being caused by a specific end use customer will be assigned to that customer.

These charges are in addition to any Company charges, as provided for in Company's tariff, for unauthorized takes of gas when service is interrupted.

Monthly Imbalances

This Section is applicable to all transportation customers. Mainline or SLVI-NNG and SLVI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. As imbalances occur, Company and the customer will attempt to correct them within the same month in which they occur. Failing such a correction, the imbalances will be corrected on a monthly basis through the following cash out procedure:

TRANSPORTATION RATE SCHEDULE (Continued)

Northern Natural Gas—Monthly Imbalances

The difference between confirmed nominated volumes and actual consumption will be charged or credited to the customer based on the appropriate Market Index Price (MIP). The basis for the MIP shall be the average weekly prices as quoted for the Ventura and Demarc points in Gas Daily for a 5 week period starting on the first Tuesday of the calendar month for which the MIP is being established and ending on the first or second Monday of the following month, whichever is applicable, to arrive at a 5 week period.

The MIPs shall be determined as follows:

High MIP: The highest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate, plus a capacity release value, which will be deemed to be $0.07/dekatherm.

Low MIP: The lowest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

Average MIP: The average of the weekly averages during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

In addition, the cash out price is tiered to encourage good performance and discourage gaming of the system.

Imbalance Level	Due Company	Due Customer
0% - 3%	High MIP * 100%	Low MIP * 100%
For the increment that is greater than 3% up to 5%	High MIP * 102%	Low MIP * 98%
For the increment that is greater than 5% up to 10%	High MIP * 110%	Low MIP * 90%
For the increment that is greater than 10% up to 15%	High MIP * 120%	Low MIP * 80%
For the increment that is greater than 15% up to 20%	High MIP * 130%	Low MIP * 70%
For the increment that is greater than 20%	High MIP * 140%	Low MIP * 60%

Example:
If the nominated volume was 100 dekatherm and the actual consumption was 130 dekatherm, there is an imbalance of 30 dekatherm due Company. The transportation customer would owe Company the following amount using the above hypothetical High MIP of $2.23: (*)

TRANSPORTATION RATE SCHEDULE (Continued)

3 dekatherm at MIP * 100%	$ 6.69
2 dekatherm at MIP * 102%	$ 4.55
5 dekatherm at MIP * 110%	$12.26
5 dekatherm at MIP * 120%	$13.38
5 dekatherm at MIP * 130%	$14.49
10 dekatherm at MIP * 140%	$31.22
	$82.59

(*) These hypothetical prices are used for illustration purposes only.

If the pipeline provides an imbalance to storage option, and the transporter has a storage account on the pipeline, Company and the transporter may transfer imbalances to or from pipeline storage accounts, provided certain conditions are met. If the transaction would cause Company's storage account to breach any contractual limitations, or would otherwise cause undue harm to Company's management of its storage accounts, the storage transfer may not be allowed. If there are any charges from the pipeline to effectuate the storage transfer, the customer will be responsible for payment of any such actual costs.

Viking and Great Lakes – Monthly Imbalances

If the monthly imbalance is due to a deficiency of deliveries (customer excess) relative to scheduled nominations, Company shall pay customer in accordance with Schedule A below. If the monthly imbalance is due to an excess of deliveries (customer shortfall) relative to scheduled nominations, customer shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, (a) Company shall pay to customer the "Transportation Component" if deliveries are greater than scheduled nominations, or (b) Customer shall pay to Company the "Transportation Component" if deliveries are less than scheduled nominations. For Viking, the "Transportation Component" shall be equal to the Commodity Rate under Rate Schedule FT-A rate for transportation to the applicable zone multiplied by the monthly imbalance, plus an applicable fuel and use charges, as stated in Viking's tariff. For Great Lakes, the "Transportation component" shall be equal to the Usage Rate under Rate Schedule FT, for a West to West transport (Emerson to Cloquet) multiplied by the monthly imbalance plus fuel, plus FERC's Annual Charge Adjustment (ACA), plus Gas Research Institute charge (GRI), as stated in Great Lakes tariff.

Schedule A

% Monthly Imbalance	Company Pays Customer Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	85% Average Monthly
>10-15%	70% Average Monthly
>15-20%	60% Average Monthly
>20%	50% Average Monthly

TRANSPORTATION RATE SCHEDULE (Continued)

Schedule B

% Monthly Imbalance	Customer Pays Company Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	115% Average Monthly
>10-15%	130% Average Monthly
>15-20%	140% Average Monthly
>20%	150% Average Monthly

The Index Price shall be determined on a weekly and monthly basis. Each Weekly Index Price shall equal the price of gas at Emerson, Manitoba as published in the "Weekly Price Survey" of Gas Daily for such week. For purposes of determining the cashout of imbalances in accordance with Schedules A and B herein, the "Average Monthly Index Price" shall be the average of the Weekly Index Prices determined during a given month.

If Gas Daily's "Weekly Price Survey" is no longer published, customer and Company shall meet to undertake to agree upon alternative spot price indices.

8. Pipeline Charges: Any charges which Company incurs from the pipeline on behalf of a customer shall be passed through to that customer.

9. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual customer nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of the aggregation service is $.0425 per dekatherm of gas delivered to the aggregated group.

TRANSPORTATION RATE SCHEDULE (Continued)

10. Small Volume Balancing Service

Daily Balancing: Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company's Transportation Tariff daily scheduling requirements. Customers who elect this service shall enter into a Small Volume Balancing Service agreement with Company. Customers choosing this daily balancing service must submit a daily nomination to Company on those days the service is used. Under certain circumstances described below, Company may, at its option, require customer to deliver its MDQ, as defined in General Rules, Regulations, Terms and Conditions, to the Receipt Point up to a cumulative 20 days (in addition to interstate pipeline OFO and critical days) during the months of November through March. If MDQ delivery does not occur then customer must curtail to the level of their confirmed nomination. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that interstate pipeline calls a Critical Day or Operational Flow Order, customer must, without notice from Company, deliver its MDQ to the receipt point. In the event that Company calls a Critical Day, as defined in general Rules, Regulations, Terms and Conditions, or issues an Operational Flow Order as defined in general Rules, Regulations, Terms and Conditions, Company will notify customer via fax that customer must deliver its MDQ to the Receipt Point. Company will provide customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to customer, that customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order. If customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order, or the Company has called a critical day, then Company shall assess a penalty to customer for each dekatherm that customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and customer fails to deliver its MDQ then Company will assess a penalty to customer in an amount equal to that identified in 13 below for each dekatherm that customer failed to deliver.

The cost of the service is 7.0¢ per dekatherm transported on Company's system. Revenues collected from this balancing service will be credited against the cost of sales gas (demand and commodity) Weighted Average Cost of Gas (WACOG).

11. Large Volume Balancing Service (LVBS) Program

This service is available to Large Volume Transportation customers that have telemetry equipment installed. This service is also available to aggregators that have pooled Large Volume Transportation customers with telemetry equipment installed. The service is not available to mainline customers or customers with end user allocation agreements. Company shall have the right to deny service if it deems the customer or aggregator is intentionally over or under nominating. Customers who elect this service shall enter into a Large Volume Balancing Service agreement with Company.

This service allows the customer to purchase additional swing capability. This allows the customer's daily usage to vary from its nomination by the amount of service that the customer chooses to purchase, beyond the tolerance permitted under Section 7 of this Transportation Rate Schedule. For example, a customer purchasing 20 units of LVBS and nominating 100 MMBtu on a normal day would be permitted to consume as little as 75 MMBtu or as much as 125 MMBtu during that day before incurring any daily scheduling charges. (100 x 5% + 20 = 25 MMBtu+/-).

TRANSPORTATION RATE SCHEDULE (Continued)

This service will not be available on pipeline SOL, SUL, or Critical Days. Likewise, this service shall not be available on any day that the Company issues a Curtailment Day, or any other day that the Company determines, in its sole judgment, that the service would be detrimental to its General Service customers.

The reservation rate for this service is $2.18 per dekatherm. This rate is equivalent to Northern Natural Gas' SMS demand charge. A variable charge of $0.0208 per dekatherm shall be applied to those volumes consumed outside the daily tolerance level of +/- 5%. This rate is equivalent to NNG's SMS variable/commodity rate. The Company will change the rates for LVBS any time NNG changes its rate for SMS by calculating the new SMS rate using a 50% utilization factor. The Company will submit a miscellaneous tariff filing, including revised tariff sheets, with the Minnesota Public Utilities Commission any time it proposes to adjust this rate due to a change in the SMS rate. Revenues collected from this service will be credited against the cost of sales gas. The term of service is one month commencing on the first gas day of the calendar month and shall remain in effect from month-to-month thereafter until terminated by either party by thirty days written notice.

12. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent per month on the unpaid balance.

13. Penalty for Unauthorized Takes When Service is Interrupted or Curtailed: If customer fails to curtail its use of gas hereunder when requested to do so by Company, customer shall be billed at the transportation charge, plus the cost of gas Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges (see Sheet 6.50) or $50 per dekatherm, whichever is applicable, for gas used in excess of the volumes of gas to which customer is limited. Company may in addition disconnect customer's supply of gas if customer fails to curtail its use thereof when requested by Company to do so.

14. Notification: Company will provide written notice to each customer contracting for transportation service that unless the customer buys joint service from Company, Company is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges Company incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 14 above, and the price for such gas.

15. End User Allocation Agreement: Company will enter into and/or maintain an End User Allocation Agreement ("EUAA") with any transportation customer requesting such EUAA under the following conditions: (1) Customer must have telemetry installed at its facility; (2) Such EUAA will not negatively impact Company's sales customers; and (3) Northern Natural Gas Company is willing to enter into such EUAA.

16. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

17. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers served by Northern Natural Gas within two (2) miles of an alternate supply source.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

4. Rate

Customer Charge – The customer charge shall be $360.00 per month per meter plus a charge of $110.00 per month for administrative costs related to transportation.

Tariff Margin Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $0.00448 per therm for CIP-Exempt and $0.03215 per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

Interim Rate Adjustment: A 8.99% adjustment will be applied to each bill for customer and daily firm capacity charges prior to any applicable cost of gas charges or surcharges. The interim rate adjustment will be shown as a line item on the customer bill.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

5. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.

C. All transportation customers other than farm tap customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed prior to the commencement of natural gas service to the customer. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.

D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per MERC's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

6. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

7. Balancing: To assure MERC system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to MERC's system with volumes consumed at the delivery points.

8. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-NNG transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

9. Pipeline Charges: Any charges which MERC incurs from the pipeline on behalf of a customer shall be passed through to that customer.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of aggregation service is $.0425 per dekatherm of gas delivered to the aggregated group.

11. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

RATE SCHEDULE SLVI
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

12. Penalty for Unauthorized Takes When Service Is Interrupted: Customer shall be billed and shall pay $50.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3".

13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys joint service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

15. Remarks: Reflects interim rates in Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers served by Viking Gas Transmission or Great Lakes Gas Transmission within two (2) miles of an alternate supply source.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

4. Rate

Customer Charge: The customer charge shall be $360.00 per month per meter plus a charge of $110.00 per month for administrative costs related to transportation.

Tariff Margin Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $.00873/therm for CIP-Exempt and $0.03640 per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

5. Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

Interim Rate Adjustment: A 8.99% adjustment will be applied to each bill for customer and daily firm capacity charges prior to any applicable cost of gas charges or surcharges. The interim rate adjustment will be shown as a line item adjustment on the customer bill.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

6. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.

C. All transportation customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed prior to the commencement of natural gas service to the customer MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.

D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   d. First, customer-owned firm volumes.
   e. Second, customer-owned interruptible volumes.
   f. Third, sales gas priced per MERC's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

8. Balancing: To assure MERC system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to MERC's system with volumes consumed at the delivery points.

9. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-Consolidated transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

10. Pipeline Charges: Any charges which MERC incurs from the pipeline on behalf of a customer shall be passed through to that customer.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

11. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of aggregation service is $.0425 per dekatherm of gas delivered to the aggregated group.

12. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

13. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $50.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3."

14. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys joint service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

15. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

16. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

FLEXIBLE RATE GAS SERVICE RIDER

1. Availability: Service under this rate schedule is available to any non-general-service customer.

2. Applicability and Character of Service:
Service under this rate schedule is limited to customers subject to effective competition. (“Effective competition” means that a customer who either receives interruptible service or whose daily requirement exceeds 50 dekatherm maintains or plans on acquiring the capability to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, or cellulosic materials, at comparable prices from a supplier not regulated by the Commission.)

A customer whose only alternative source of energy is gas from a supplier not regulated by the Commission and who must use Company’s system to transport the gas is not eligible for flexible-rate service. However, customers who have or can reasonably acquire the capability to bypass Company’s system are eligible to take service under flexible tariffs.

3. Rate:
Minimum and maximum charges are shown on Sheet 7.07, Columns I and J, for each class of customers eligible to take flexible-rate service.

A. The Customer Charge shall be the amount in the applicable non-flexible tariff under which customer would otherwise take service.
B. The minimum charge for daily firm capacity shall be the amount the interstate pipeline charges Company.
C. The rate for gas delivered shall be at least $0.0045 per therm.
D. The minimum monthly bill shall be the sum of the Customer Charge, the daily firm capacity charge, and the tariff margin charge for all volumes taken subject to and computed in accordance with Part C.
E. Rates set forth on Sheet 7.07 are base rates subject to change in accordance with the Provisions of Purchased Gas Adjustment - Uniform Clause.

4. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1,000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC’s General Rules, Regulations, Terms and Conditions. Btu’s will be calculated on an arithmetic average.

Interim Rate Adjustment: A 8.99% adjustment will be applied to each bill for customer and daily firm capacity charges prior to any applicable cost of gas charges and surcharges. The interim rate adjustment will be shown as a line item adjustment on the customer bill.

FLEXIBLE RATE GAS SERVICE RIDER (Continued)

5. General Terms and Conditions:
All terms of the non-flexible tariff under which customer would otherwise take service apply. The General Terms and Conditions contained in the tariff book shall also apply to service taken under this rider.

6. Election of Service:
Service under this rider is at the option of the customer, except that, customers who use alternative energy supplies as described in the Applicability of Service Section are limited to taking service under this rider. Any customer electing service under this rider must remain on this rider for a period of at least one year.

7. Default Rate:
If a rate cannot be negotiated in a timely manner, the customer agrees to pay Company a default rate equal to the applicable upward flexible rate shown on Sheet 7.07.

8. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

TRANSPORTATION FOR RESALE NORTHWEST NATURAL GAS

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other "Transportation for Resale" customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.

2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers.

   The end-use customers for this service are firm customers. Customers under this rate schedule are required to secure Daily Firm Capacity at the MDQ level. If customers do not secure DFC and demonstrate firm capacity on the pipeline they may be interrupted.

3. Rate:
   A. Fixed Charge: The customer charge shall be $190.00 per month plus a charge of $110.00 per month for administrative costs related to transportation.
   B. Tariff Margin Charge: All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $0.07428 per therm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.
   C. Daily Firm Capacity: The rate shall be $0.10226 per therm, which includes the DFC rate of $0.01000 per therm for Company distribution system capacity.

Interim Rate Adjustment: A customer charge interim rate adjustment will be calculated by multiplying the current customer charge by 8.99%. A transportation charge interim rate adjustment will be calculated by multiplying the current transportation administrative charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99 %. The combined effect of these interim rate adjustments will be shown as a line item adjustment on the customer bill.

The customer is responsible for purchasing interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with an Joint Certification signed by the customer and the third party supplier). The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers.

4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.

5. Volume Adjustment:
   Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

7. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

Issued By: Theodore Eidukas
Vice President-Regulatory Affairs
Submittal Date: ~~March 10, 2017~~October 13, 2017
*Effective with bills issued on and after this date.

*Effective Date: ~~March 1, 2017~~January 1, 2018
Proposed Effective Date: January 1, 2018 ~~March 1, 2017~~

PENALTY FOR UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED

1. Northern Natural Gas Penalty: Should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be a charge equal to the daily delivery variance charge of the pipeline. Currently, this charge is $113 per dekatherm and is equal to twice the reservation charge to reserve one (1) MMBTU of capacity under the current Northern Natural Gas Rate Schedule TFX.

2. Viking Gas Transmission Company: Not applicable.

3. Great Lakes Transmission: Not applicable.

NOTE: This tariff will be amended when changes in pipeline tariffs occur.

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

1. Applicability of Conservation Cost Recovery Charge and Adjustment:
"Large Energy Facility", as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the "Large Energy Facility" customers can no longer participate in any utility's Energy Conservation Improvement Program.

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

"Commercial Gas Customers" that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd.1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat.216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Commercial Gas Customers" can no longer participate in the Company's Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.

2. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC in the Company's rate case. The CCRC factor is approved and applied on a per therm basis by .dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes) The CCRC for each rate schedule is:

All Classes MERC $0.02953~~767~~/therm*

3. Adjustment: There shall be included on each customer's monthly bill a CCRA factor multiplied by the customer's monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.

4. Determination of Conservation Cost Recovery Adjustment Factor (CCRA): The CCRA is calculated for each customer class by dividing the recoverable CIP costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of CIP-exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

* Proposed for approval effective January 1, 2018 with ~~final~~ interim rates in Docket No. G011/GR-~~15-736.~~17-563.

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Proposed Effective Date: January 1, 2018~~March 1, 2017~~

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

All Classes MERC $0.01024~~0750~~*

*Approved effective January 1, 2018~~7~~ in Docket No. G011/M-1~~6-385~~7-340

5. Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRC and CCRA shall not apply. Those customer accounts determined by the Commission to qualify as a Large Energy Facility Customers, shall receive a monthly exemption from conservation program charges pursuant to Minn. Stat.§ 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the Large Energy Facility customers can no longer participate in any utility's energy Conservation Improvement Program.

Under Minn. Stat. 216B.241, any customer account determined by the Commission of the Minnesota Department of Commerce to qualify as a large customer facility shall be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the large customer facility. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from the conservation program charges, no exempt customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the Commissioner to withdraw its exemption.

Under Minn. Stat. 216B.241, any customer account that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota shall, upon a determination by the Commissioner of the Department of Commerce as qualifying for an opt out of the Conservation Improvement Program, be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the commercial gas customers. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from conservation program charges, the customers can no longer participate in any utility's energy Conservation Improvement Program unless the customer submits a filing with the Commissioner to withdraw its exemption.

6. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.

Clean Interim Rate Tariff Sheets

RATE SCHEDULE GS-NNG GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.46767 (MERC-NNG) per therm
   A. Residential
      Customer Charge per Month - $9.50
      Distribution Charge @ $0.24116 per therm
   B. Commercial and Industrial - 1,500 therms or less per Year
      Customer Charge per Month - $18.00
      Distribution Charge @ $0.22065 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $45.00
      Distribution Charge @ $0.16885 per therm

   Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99 %. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   Monthly Minimum Bill: The minimum bill is the customer charge.

   Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

   Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's Minnesota General Rules, Regulations, Terms and Conditions.

   Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

6. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

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CANCELED

RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied by Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.38990 (MERC-Consolidated) per therm
   A. Residential
      Customer Charge per Month - $9.50
      Distribution Charge @ $0.24116 per therm
   B. Commercial and Industrial - 1,500 therms or less per Year
      Customer Charge per Month – $18.00
      Distribution Charge @ $0.22065 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $45.00
      Distribution Charge @ $0.16885 per therm

   Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   Monthly Minimum Bill: The minimum bill is the customer charge.

   Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

   Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions.

   Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE GS-CONSOLIDATED GENERAL SERVICE (Continued)

6. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

RATE SCHEDULE GS- MERC ALBERT LEA GENERAL SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas previously served by Interstate Power and Light Company and supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to firm gas service for customers whose normal requirement does not exceed 1,990 therms on peak day and such service shall not be subject to curtailment or interruption, but will be subject to curtailment by pipeline supplier in compliance with their approved Federal Energy Regulatory Commission curtailment plan.

3. Rates: Base rate of gas @ $0.46767 (MERC-NNG) per therm
   A. Residential
      Customer Charge per Month - $7.25
      Distribution Charge @ $0.24116 per therm
   B. Commercial and Industrial – 1,500 therms or less per Year
      Customer Charge per Month – $11.50
      Distribution Charge @ $0.22065 per therm
   C. Commercial and Industrial - Over 1,500 therms per Year
      Customer Charge per Month – $25.00
      Distribution Charge @ $0.16885 per therm

   Rates set forth above are base rates subject to change in accordance with the provisions Purchase Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   Monthly Minimum Bill: The minimum bill is the customer charge.

   Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

   Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions.

   Btu's will be calculated on an arithmetic average.

4. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

5. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE GS- MERC ALBERT LEA GENERAL SERVICE (Continued)

6. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by the MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

5. Rates:

A. Per month: Customer Charge $165.00 per meter
Base rate of gas @ $0.37406 (MERC-NNG) per therm
Distribution charge @ $0.09740 per therm

B. The base rate for DFC shall be $0.10451 per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99 %. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

RATE SCHEDULE SVI-NNG SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

7. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

RATE SCHEDULE SVI-CONSOLIDATED SMALL VOLUME INTERRUPTIBLE SERVICE (Continued)

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

5. Rates:

A. Per month: Customer Charge $165.00 per meter
Base rate of gas @ $0.31575 (MERC-Consolidated) per therm
Distribution charge @ $0.09740 per therm

B. The base rate for DFC shall be $0.08505 per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's.

Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

5. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

6. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Remarks: Reflects interim rates at Docket No. G011/GR-17-563 If the total amount of the rate increase approved at the end of the Company’s rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

RATE SCHEDULE SVI- MERC ALBERT LEA SMALL VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas previously served by Interstate Power and Light Company and supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to small volume gas service which is subject to interruption at any time upon order of MERC. Daily consumption should not exceed 199 dekatherms on any day. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. If customer or MERC thinks customer's maximum daily consumption is 200 dekatherms per day or more, usage will be monitored by MERC to determine whether the customer qualifies for large volume service. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes not to exceed 199 dekatherms per day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

RATE SCHEDULE SVI-MERC ALBERT LEA SMALL VOLUME INTERRUPTIBLE SERVICE
(Continued)

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

5. Rates:

A. Per month: Customer Charge $89.50 per month
Base rate of gas @ $0.37406(MERC-NNG) per therm
Distribution charge @ $0.09740 per therm

B. The base rate for DFC shall be $0.10451 per therm, if the customer has elected to obtain joint gas service per Section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

RATE SCHEDULE SVI-MERC ALBERT LEA SMALL VOLUME INTERRUPTIBLE SERVICE
(Continued)

7. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and mainline customers supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE (Continued)

5. Rates:
   A. Per month: Customer Charge $185.00 per meter
   Base rate of gas @ $0.37406 (MERC-NNG) per therm
   Distribution charge @ $0.05329 per therm

   B. The base rate for DFC shall be $0.10451 per therm if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

   Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. No late payment charge will be made if the unpaid balance is $10 or less.

   D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchase Gas Adjustment Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5" plus either the charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

9. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

10. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

RATE SCHEDULE LVI-NNG LARGE VOLUME INTERRUPTIBLE SERVICE (Continued)

11. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

12. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

11. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

CANCELED

Issued By: Theodore Eidukas
Vice President-Regulatory Affairs
Submittal Date: March 10, 2017
*Effective with bills issued on and after this date.

*Effective Date: March 1, 2017
Proposed Effective Date: March 1, 2017

RATE SCHEDULE LVI-CONSOLIDATED LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas supplied through Viking Gas Transmission, Great Lakes Gas Transmission, and Centra in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE LVI-CONSOLIDATED- LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

5. Rates:
   A. Per month: Customer Charge - $185.00 per meter
   Base rate of gas @ $0.31575 (MERC-Consolidated) per therm
   Distribution charge @ $0.05329 per therm

   B. The base rate for DFC shall be $0.08505 per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

   C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

   D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "5" plus either applicable charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

9. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

10. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

11. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

12. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

RATE SCHEDULE LVI-CONSOLIDATED- LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

13. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

CANCELED

CANCELED

CANCELED

Issued By: Theodore Eidukas
Vice President-Regulatory Affairs

*Effective Date: March 1, 2017
Proposed Effective Date: March 1, 2017

Submittal Date: March 10, 2017

*Effective with bills issued on and after this date.

CANCELED

RATE SCHEDULE LVI-MERC ALBERT LEA LARGE VOLUME INTERRUPTIBLE SERVICE

1. Availability: Service under this rate schedule is available to towns and to related rural areas previously served by Interstate Power and Light Company and supplied through Northern Natural Gas in MERC's Minnesota Service Area.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at any time upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. Customer must take 200 dekatherms or more per day at least once in a calendar year. MERC will have measuring equipment in place to determine that customer takes at least 200 dekatherms per day at least once on an annual basis. Interruptible service is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate that it has such capability and fuel supplies. A firm customer may transfer to interruptible service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. An interruptible customer may not return to firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Joint Gas Service: Customer has the option to obtain joint gas service consisting of a base of firm gas volume, supplemented by interruptible volumes which must be 200 dekatherms or more per day at least once in a calendar year. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a Daily Firm Capacity ("DFC") for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE LVI-MERC ALBERT LEA- LARGE VOLUME INTERRUPTIBLE SERVICE (Continued)

5. Rates:

A. Per month: Customer Charge - $99.50 per meter
Base rate of gas @ $0.37406 (MERC-NNG) per therm
Distribution charge @ $0.05329 per therm

B. The base rate for DFC shall be $0.10451 per therm, if the customer has elected to obtain joint gas service per section 3 above. See Sheet No. 7.07 for rate details.

Interim Rate Adjustment: A customer charge interim rate adjustment on the bill will be calculated by multiplying the current customer charge by 8.99%. A per therm interim rate adjustment will be calculated by multiplying the current distribution charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

C. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid by the next billing date, for residential and Even Pay Plan customers, or within 17 days of the current billing date for nonresidential customers. For residential customers, the next billing date must not be less than 25 days from the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

D. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

6. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

7. Monthly Minimum Bill: The monthly minimum bill is the customer charge, the daily firm capacity charge, if any, and the applicable commodity charge for all volumes taken.

8. Penalty For Unauthorized Takes When Service Is Interrupted: Applicable rate in Paragraph "4" plus either applicable charge from pipeline (see Sheet 6.50) or $50.00 per dekatherm so taken, whichever is applicable.

9. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

10. Telemetry: Customer must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

11. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

RATE SCHEDULE LVI-MERC ALBERT LEA- LARGE VOLUME INTERRUPTIBLE SERVICE
(Continued)

12. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

13. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE

1. Availability: Service under this rate schedule is available to large volume mainline customers supplied through Northern Natural Gas Company.

2. Applicability and Character of Service: This rate schedule shall apply to joint gas service consisting of a base of firm gas volume, supplemented by additional interruptible gas volumes authorized from day to day. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1 and must maintain joint gas service and must nominate a DFC for the entire November through October period. A customer may not transfer to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request the customer must demonstrate it has such capability and fuel supplies for amounts in excess of firm entitlement volumes to maintain operations during periods of curtailment. Customer must have capacity to take 4,000 dekatherms or more per day and annual consumption of 1.2 Bcf (1,200,000 dekatherms), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below 1,200,000 dekatherms. If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

3. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

4. Rate:
   A. The customer charge shall be $350.00 per month per meter.
   B. The base rate for DFC shall be $0.09586 per therm, if the customer has elected to obtain joint gas service. See Sheet No. 7.07 for rate details. No demand charge shall be billed to customer or shall be due from them for days during a month when total curtailment of their daily firm capacity entitlement was in effect. For days of partial curtailment, however, daily firm capacity charges shall be billed to and paid by customer in an amount determined by dividing the monthly daily firm capacity charge by 30 and multiplying the product by a ratio, the numerator of which is the actual volumes delivered on such day and the denominator of which is the customer's daily firm capacity.

RATE SCHEDULE S-LV SUPER LARGE VOLUME SERVICE (CONTINUED)

4. Rate (Continued):
   C. The base rate of gas is $0.37406 (MERC-NNG) per therm, and the distribution charge is $0.00448 per therm for CIP-Exempt and $0.03215 per therm for CIP-Applicable.
   D. The monthly minimum bill shall be the customer charge, the daily firm capacity charge and the applicable commodity charge for all volumes taken subject to and computed in accordance with C.
   E. Rates set forth above are base rates subject to change in accordance with the provisions of Purchased Gas Adjustment - Uniform Clause.

   Interim Rate Adjustment: A 8.99% adjustment will be applied to customer charges prior to any applicable cost of gas charges and surcharges. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.062 by 8.99%. The interim rate adjustment will be shown as a single line item on the customer bill.

5. Volume Adjustment: Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

6. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

7. Penalty For Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $50.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "4". In addition, should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be those set out on Sheet No. 6.50.

8. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

9. Telemetry: Customers other than farm tap customers must install telemetry equipment. Customer shall reimburse Company for all costs incurred by Company to install and maintain telemetry equipment or other related improvements. Any such equipment and improvements shall remain the property of Company.

10. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC. The CCRC factor is approved and applied on a per therm basis.

11. Determination of CCRC Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce, Division of Energy Resources (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes § 216B.241, the CCRC shall not apply. Those customers will not be charged the per therm CCRC factor.

12. Remarks: Reflects interim rates in Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

TRANSPORTATION RATE SCHEDULE

1. Availability: Service under this rate schedule is available to any non-general service end-use customer who purchases gas supplies that can be transported on a firm or interruptible basis by MERC. Service hereunder shall be offered on a firm or interruptible basis contingent upon adequate interstate pipeline system capacity. Transportation service is not available to general service customers. Transportation is only allowed on open access pipelines (Centra is the only non-open access pipeline). Note that MERC-Albert Lea Transportation customers will be administered under NNG provisions of these tariff sheets.

Service will be provided on a firm basis only if the customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and the customer has provided to Company a Joint Certification confirming this signed by the customer and, if applicable, the marketer. Interruptible transportation is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such customer is interrupted. At Company's request, the customer must demonstrate that it has such capability and fuel supplies.

Class of Service: Transportation customers, if otherwise qualified for the rate, may choose transportation service from one of the following classes:

Small Volume Interruptible Service
Large Volume Interruptible Service

Small Volume Joint Firm/Interruptible Service
Large Volume Joint Firm/Interruptible Service

Super Large Volume Interruptible Transport

Super Large Volume Joint Firm/Interruptible Service

2. Rate:

Fixed Rate

Transportation Administrative Customer Charge - $110.00 per month per metered account for administrative costs related to transportation plus:

$170.00 per month – SVI/SVJ Transport
$190.00 per month – LVI/LVJ Transport
$360.00 per month – SLVI/SLVJ Transport

Daily Firm Capacity Charge

If applicable is at the rate set in the customer's regular sales tariff schedule as shown on Sheet 7.07, Column F.

Tariff Margin Charge

All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for such customer as shown on Sheet 7.07, Column D. In addition, the customer must pay for all fixed gas costs assigned to the customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following:

TRANSPORTATION RATE SCHEDULE (Continued)

Daily Firm Capacity Charge
Annual Cost Adjustment Charges
Conservation Cost Recovery Charges and Conservation Cost Recovery Adjustments
Any other Fixed costs passed on by the pipeline, applicable for recovery

Additional costs will be assigned as they are authorized by the FERC or Minnesota Public Utilities Commission to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all firm volumes delivered from system gas supply shall be charged the rate set in the appropriate sales tariff schedule.

<u>Interim Rate Adjustment</u>: A 8.99% adjustment will be applied to each bill prior to any applicable cost of gas charges and surcharges. The interim rate adjustment will be shown as a line item adjustment on the customer bill.

3. <u>Special Conditions:</u>

A. Customer must have arranged for the purchase of gas other than Company’s system supply and for its delivery to Company system. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company’s system.

B. The customer shall execute a written contract for transportation services along with any attendant addendums pursuant to this rate schedule containing such terms and conditions as Company may reasonably require.

C. All transportation customers other than farm tap customers must have Company install telemetry equipment at the customer’s expense. The telemetry equipment must be installed prior to the commencement of natural gas service to the customer. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.

D. Company’s sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per Company’s applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to Company’s system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service.

TRANSPORTATION RATE SCHEDULE (Continued)

The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

H. Joint rate transportation service customers can select one of the following two options:

1) Customers served under the joint sales rate may purchase both interstate pipeline capacity and Company's distribution system capacity from Company. In this case, customers would be billed the "Base Gas Cost", "PGA Adjustment", "Annual ACA Adjustment", and the "Tariff Margin" (as shown on Company's tariff sheet No. 7.07).

2) Customers may choose to separately purchase interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a Joint Certification signed by the customer and the third party supplier) and distribution system capacity from Company. In this case, customers would be billed only the "Tariff Margin" (as shown on Company tariff sheet No. 7.07).

Customers purchasing interstate pipeline capacity from third party non-regulated suppliers must be able to demonstrate they have been provided the necessary units of interstate pipeline capacity to meet their firm needs. Customers who have previously entered into contracts with Company for the purchase of interstate pipeline capacity are responsible for completing their contract obligations.

If a customer wishes to obtain or maintain joint gas service, the customer or the customers' brokers must provide the Company with details as to the amount of firm capacity purchased to date in a calendar year on the interstate pipeline by August 1. If a customer or its broker provides this information, the Company will take this information into account when evaluating the upcoming heating season. This information will allow the Company to reconcile the amounts purchased for firm capacity from these joint customers on the interstate pipeline with the capabilities of the Company's distribution system for the upcoming heating season.

4. <u>BTU Adjustment:</u> Customer billed usage in therm volumes will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.

5. <u>Nomination:</u> Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline.

TRANSPORTATION RATE SCHEDULE (Continued)

6. Balancing: To assure Company's system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to Company's system with volumes consumed at the delivery points.

7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges as described below.

These charges are applicable only to Company's town plant customers whose supply requirements could impact other customers and do not apply to Company's mainline customers who are the only customer taking gas at those points or MERC's SLVI-NNG Transport or SLVI-Consolidated Transport customers. However, each mainline or SLVI-NNG Transport and SLVI-Consolidated Transport customer must pay for any balancing or scheduling penalties from pipelines that the customer causes Company to incur.

Daily Scheduling Charges
This section is applicable to all transportation customers except for Company's mainline or SLVI-NNG Transport or SLVI-Consolidated Transport customers. Mainline or SLVI-NNG Transport and SVLI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. Except as noted below, the following charges will apply:

Northern Natural Gas – Daily Scheduling Charges

A. A tolerance of +/-5% of confirmed nomination will be applied
B. For consumption within tolerance, no scheduling charges will be applied.
C. For consumption outside tolerance, a scheduling charge shall be applied to the volume exceeding tolerance equal to the maximum effective Northern Natural Gas TI rate for the customer's market area.

On days that Northern Natural Gas calls a **System Overrun Limitation** the following charges will be in effect:

A. For consumption greater than the confirmed nomination, the following charges will be applied:
   1. For consumption up to 105% of confirmed nomination, $1.00 per dekatherm in excess of confirmed nomination up to 105%.
   2. For consumption greater than 105% of confirmed nomination, $10.66 per dekatherm in excess of 105% of confirmed nomination.

B. For consumption less than the confirmed nomination, there is no charge.

On days that Northern Natural Gas calls a **System Underrun Limitation** the following charges will be in effect:

TRANSPORTATION RATE SCHEDULE (Continued)

A. For consumption greater than the confirmed nomination, there is no charge.
B. For consumption less than the confirmed nomination, $1.00 per dekatherm.

On days that Northern Natural Gas calls a **Critical Day** the following charges will be in effect:

A. For consumption greater than the confirmed nomination, the following charges will be applied:
   a. For consumption up to 102% of confirmed nomination, $15.00 per dekatherm in excess of confirmed nomination up to 102%.
   b. For consumption greater than 102% up to 105% of confirmed nomination, $22.00 per dekatherm in excess of 102% up to 105% of confirmed nomination.
   c. For consumption greater than 105% up to 110% of confirmed nomination, $56.50 per dekatherm in excess of 105% up to 110% of confirmed nomination.
   d. For consumption greater than 110% of confirmed nomination, $113.00 per dekatherm in excess of 110% of confirmed nomination.

B. For consumption less than the confirmed nomination, there is no charge.

These charges are in addition to any Company charges, as provided for in Company tariff, for unauthorized takes of gas when service is interrupted.

Great Lakes and Viking – Daily Scheduling Charges

Any penalties incurred as a result of the customer will be passed along to the customer.

Any upstream costs that can be specifically identified as being caused by a specific end use customer will be assigned to that customer.

These charges are in addition to any Company charges, as provided for in Company's tariff, for unauthorized takes of gas when service is interrupted.

Monthly Imbalances

This Section is applicable to all transportation customers. Mainline or SLVI-NNG and SLVI-Consolidated Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. As imbalances occur, Company and the customer will attempt to correct them within the same month in which they occur. Failing such a correction, the imbalances will be corrected on a monthly basis through the following cash out procedure:

TRANSPORTATION RATE SCHEDULE (Continued)

Northern Natural Gas—Monthly Imbalances

The difference between confirmed nominated volumes and actual consumption will be charged or credited to the customer based on the appropriate Market Index Price (MIP). The basis for the MIP shall be the average weekly prices as quoted for the Ventura and Demarc points in Gas Daily for a 5 week period starting on the first Tuesday of the calendar month for which the MIP is being established and ending on the first or second Monday of the following month, whichever is applicable, to arrive at a 5 week period.

The MIPs shall be determined as follows:

High MIP: The highest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate, plus a capacity release value, which will be deemed to be $0.07/dekatherm.

Low MIP: The lowest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

Average MIP: The average of the weekly averages during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

In addition, the cash out price is tiered to encourage good performance and discourage gaming of the system.

Imbalance Level	Due Company	Due Customer
0% - 3%	High MIP * 100%	Low MIP * 100%
For the increment that is greater than 3% up to 5%	High MIP * 102%	Low MIP * 98%
For the increment that is greater than 5% up to 10%	High MIP * 110%	Low MIP * 90%
For the increment that is greater than 10% up to 15%	High MIP * 120%	Low MIP * 80%
For the increment that is greater than 15% up to 20%	High MIP * 130%	Low MIP * 70%
For the increment that is greater than 20%	High MIP * 140%	Low MIP * 60%

Example:
If the nominated volume was 100 dekatherm and the actual consumption was 130 dekatherm, there is an imbalance of 30 dekatherm due Company. The transportation customer would owe Company the following amount using the above hypothetical High MIP of $2.23: (*)

TRANSPORTATION RATE SCHEDULE (Continued)

3 dekatherm at MIP * 100%	$ 6.69
2 dekatherm at MIP * 102%	$ 4.55
5 dekatherm at MIP * 110%	$12.26
5 dekatherm at MIP * 120%	$13.38
5 dekatherm at MIP * 130%	$14.49
10 dekatherm at MIP * 140%	$31.22
	$82.59

(*) These hypothetical prices are used for illustration purposes only.

If the pipeline provides an imbalance to storage option, and the transporter has a storage account on the pipeline, Company and the transporter may transfer imbalances to or from pipeline storage accounts, provided certain conditions are met. If the transaction would cause Company's storage account to breach any contractual limitations, or would otherwise cause undue harm to Company's management of its storage accounts, the storage transfer may not be allowed. If there are any charges from the pipeline to effectuate the storage transfer, the customer will be responsible for payment of any such actual costs.

Viking and Great Lakes – Monthly Imbalances

If the monthly imbalance is due to a deficiency of deliveries (customer excess) relative to scheduled nominations, Company shall pay customer in accordance with Schedule A below. If the monthly imbalance is due to an excess of deliveries (customer shortfall) relative to scheduled nominations, customer shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, (a) Company shall pay to customer the "Transportation Component" if deliveries are greater than scheduled nominations, or (b) Customer shall pay to Company the "Transportation Component" if deliveries are less than scheduled nominations. For Viking, the "Transportation Component" shall be equal to the Commodity Rate under Rate Schedule FT-A rate for transportation to the applicable zone multiplied by the monthly imbalance, plus an applicable fuel and use charges, as stated in Viking's tariff. For Great Lakes, the "Transportation component" shall be equal to the Usage Rate under Rate Schedule FT, for a West to West transport (Emerson to Cloquet) multiplied by the monthly imbalance plus fuel, plus FERC's Annual Charge Adjustment (ACA), plus Gas Research Institute charge (GRI), as stated in Great Lakes tariff.

Schedule A

% Monthly Imbalance	Company Pays Customer Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	85% Average Monthly
>10-15%	70% Average Monthly
>15-20%	60% Average Monthly
>20%	50% Average Monthly

TRANSPORTATION RATE SCHEDULE (Continued)

Schedule B

% Monthly Imbalance	Customer Pays Company Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	115% Average Monthly
>10-15%	130% Average Monthly
>15-20%	140% Average Monthly
>20%	150% Average Monthly

The Index Price shall be determined on a weekly and monthly basis. Each Weekly Index Price shall equal the price of gas at Emerson, Manitoba as published in the "Weekly Price Survey" of Gas Daily for such week. For purposes of determining the cashout of imbalances in accordance with Schedules A and B herein, the "Average Monthly Index Price" shall be the average of the Weekly Index Prices determined during a given month.

If Gas Daily's "Weekly Price Survey" is no longer published, customer and Company shall meet to undertake to agree upon alternative spot price indices.

8. Pipeline Charges: Any charges which Company incurs from the pipeline on behalf of a customer shall be passed through to that customer.

9. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual customer nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of the aggregation service is $.0425 per dekatherm of gas delivered to the aggregated group.

TRANSPORTATION RATE SCHEDULE (Continued)

10. Small Volume Balancing Service

Daily Balancing: Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company's Transportation Tariff daily scheduling requirements. Customers who elect this service shall enter into a Small Volume Balancing Service agreement with Company. Customers choosing this daily balancing service must submit a daily nomination to Company on those days the service is used. Under certain circumstances described below, Company may, at its option, require customer to deliver its MDQ, as defined in General Rules, Regulations, Terms and Conditions, to the Receipt Point up to a cumulative 20 days (in addition to interstate pipeline OFO and critical days) during the months of November through March. If MDQ delivery does not occur then customer must curtail to the level of their confirmed nomination. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that interstate pipeline calls a Critical Day or Operational Flow Order, customer must, without notice from Company, deliver its MDQ to the receipt point. In the event that Company calls a Critical Day, as defined in general Rules, Regulations, Terms and Conditions, or issues an Operational Flow Order as defined in general Rules, Regulations, Terms and Conditions, Company will notify customer via fax that customer must deliver its MDQ to the Receipt Point. Company will provide customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to customer, that customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order. If customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order, or the Company has called a critical day, then Company shall assess a penalty to customer for each dekatherm that customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and customer fails to deliver its MDQ then Company will assess a penalty to customer in an amount equal to that identified in 13 below for each dekatherm that customer failed to deliver.

The cost of the service is 7.0¢ per dekatherm transported on Company's system. Revenues collected from this balancing service will be credited against the cost of sales gas (demand and commodity) Weighted Average Cost of Gas (WACOG).

11. Large Volume Balancing Service (LVBS) Program

This service is available to Large Volume Transportation customers that have telemetry equipment installed. This service is also available to aggregators that have pooled Large Volume Transportation customers with telemetry equipment installed. The service is not available to mainline customers or customers with end user allocation agreements. Company shall have the right to deny service if it deems the customer or aggregator is intentionally over or under nominating. Customers who elect this service shall enter into a Large Volume Balancing Service agreement with Company.

This service allows the customer to purchase additional swing capability. This allows the customer's daily usage to vary from its nomination by the amount of service that the customer chooses to purchase, beyond the tolerance permitted under Section 7 of this Transportation Rate Schedule. For example, a customer purchasing 20 units of LVBS and nominating 100 MMBtu on a normal day would be permitted to consume as little as 75 MMBtu or as much as 125 MMBtu during that day before incurring any daily scheduling charges. (100 x 5% + 20 = 25 MMBtu+/-).

TRANSPORTATION RATE SCHEDULE (Continued)

This service will not be available on pipeline SOL, SUL, or Critical Days. Likewise, this service shall not be available on any day that the Company issues a Curtailment Day, or any other day that the Company determines, in its sole judgment, that the service would be detrimental to its General Service customers.

The reservation rate for this service is $2.18 per dekatherm. This rate is equivalent to Northern Natural Gas' SMS demand charge. A variable charge of $0.0208 per dekatherm shall be applied to those volumes consumed outside the daily tolerance level of +/- 5%. This rate is equivalent to NNG's SMS variable/commodity rate. The Company will change the rates for LVBS any time NNG changes its rate for SMS by calculating the new SMS rate using a 50% utilization factor. The Company will submit a miscellaneous tariff filing, including revised tariff sheets, with the Minnesota Public Utilities Commission any time it proposes to adjust this rate due to a change in the SMS rate. Revenues collected from this service will be credited against the cost of sales gas.
The term of service is one month commencing on the first gas day of the calendar month and shall remain in effect from month-to-month thereafter until terminated by either party by thirty days written notice.

12. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent per month on the unpaid balance.

13. Penalty for Unauthorized Takes When Service is Interrupted or Curtailed: If customer fails to curtail its use of gas hereunder when requested to do so by Company, customer shall be billed at the transportation charge, plus the cost of gas Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges (see Sheet 6.50) or $50 per dekatherm, whichever is applicable, for gas used in excess of the volumes of gas to which customer is limited. Company may in addition disconnect customer's supply of gas if customer fails to curtail its use thereof when requested by Company to do so.

14. Notification: Company will provide written notice to each customer contracting for transportation service that unless the customer buys joint service from Company, Company is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges Company incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 14 above, and the price for such gas.

15. End User Allocation Agreement: Company will enter into and/or maintain an End User Allocation Agreement ("EUAA") with any transportation customer requesting such EUAA under the following conditions: (1) Customer must have telemetry installed at its facility; (2) Such EUAA will not negatively impact Company's sales customers; and (3) Northern Natural Gas Company is willing to enter into such EUAA.

16. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

17. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers served by Northern Natural Gas within two (2) miles of an alternate supply source.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

4. Rate
Customer Charge – The customer charge shall be $360.00 per month per meter plus a charge of $110.00 per month for administrative costs related to transportation.

Tariff Margin Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $0.00448 per therm for CIP-Exempt and $0.03215 per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

Interim Rate Adjustment: A 8.99% adjustment will be applied to each bill for customer and daily firm capacity charges prior to any applicable cost of gas charges or surcharges. The interim rate adjustment will be shown as a line item on the customer bill.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

5. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.
B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.
C. All transportation customers other than farm tap customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed prior to the commencement of natural gas service to the customer. MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.
D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
E. The order of gas delivery for purposes of billing will be as follows:
   a. First, customer-owned firm volumes.
   b. Second, customer-owned interruptible volumes.
   c. Third, sales gas priced per MERC's applicable sales tariffs.
F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.
G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

6. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

7. Balancing: To assure MERC system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to MERC's system with volumes consumed at the delivery points.

8. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-NNG transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

9. Pipeline Charges: Any charges which MERC incurs from the pipeline on behalf of a customer shall be passed through to that customer.

RATE SCHEDULE SLVI-NNG
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of aggregation service is $.0425 per dekatherm of gas delivered to the aggregated group.

11. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

RATE SCHEDULE SLVI
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

12. Penalty for Unauthorized Takes When Service Is Interrupted: Customer shall be billed and shall pay $50.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph “3”.

13. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys joint service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

15. Remarks: Reflects interim rates in Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company’s rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers served by Viking Gas Transmission or Great Lakes Gas Transmission within two (2) miles of an alternate supply source.

2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC. Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if MERC's service to such customer is interrupted. At MERC's request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf. A customer may transfer to joint gas service for the period November 1 through October 31 after giving the Company ninety days advance notice prior to November 1. A joint customer must maintain joint gas service and must nominate a DFC for the entire November through October period. A joint customer may not return to interruptible or firm service until the next November 1st and must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

3. Transfer of Service: If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

4. Rate
Customer Charge: The customer charge shall be $360.00 per month per meter plus a charge of $110.00 per month for administrative costs related to transportation.

Tariff Margin Charge:
All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $.00873/therm for CIP-Exempt and $0.03640 per therm for CIP-Applicable. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

5. Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

Interim Rate Adjustment: A 8.99% adjustment will be applied to each bill for customer and daily firm capacity charges prior to any applicable cost of gas charges or surcharges. The interim rate adjustment will be shown as a line item adjustment on the customer bill.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

6. Special Conditions

A. Customer must have arranged for the purchase of gas other than MERC system supply and for its delivery to MERC's system. MERC shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to MERC's system.

B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as MERC may reasonably require.

C. All transportation customers must have MERC install telemetry equipment at the customer's expense. The telemetry equipment must be installed prior to the commencement of natural gas service to the customer MERC will offer financing for periods up to 90 days interest free. MERC will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by MERC shall remain the property of MERC.

D. MERC's sales refunds applicable to the period when gas is transported will not be made to transportation customers.

E. The order of gas delivery for purposes of billing will be as follows:
   d. First, customer-owned firm volumes.
   e. Second, customer-owned interruptible volumes.
   f. Third, sales gas priced per MERC's applicable sales tariffs.

F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to MERC's system.

G. Customers may transfer to Transportation Service for the period November 1 through October 31 after giving MERC ninety days advance notice prior to November 1. A transportation customer must maintain transportation service for the entire November through October period. A transportation customer may not return to sales service until the next November 1st and must notify MERC in writing at least ninety days prior to the transfer. A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. If Customer faces unforeseen circumstances that were not known ninety days prior to November 1, Customer may request a waiver of the notice requirement to allow Customer to transfer service. The Company has sole discretion to grant or deny such a request and may only grant such a request if the Company determines that (1) unforeseen circumstances prevented Customer from timely requesting to transfer service, (2) adequate gas supply and interstate pipeline capacity is available to serve Customer, and (3) the waiver will not result in any detriment to existing system sales customers. If the Company waives the notice requirement, the Company may require the customer to pay an exit fee to recover the costs related to a switch to or from service under this rate schedule. This exit fee may include, but is not limited to, any above market gas commodity costs, any interstate pipeline transportation and/or storage costs, and any other demand costs.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

A customer may only transfer to firm sales service if MERC is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers.

7. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise MERC's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by MERC on a best efforts basis.

8. Balancing: To assure MERC system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to MERC's system with volumes consumed at the delivery points.

9. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. MERC's SLVI-Consolidated transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes MERC to incur.

10. Pipeline Charges: Any charges which MERC incurs from the pipeline on behalf of a customer shall be passed through to that customer.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

11. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of aggregation service is $.0425 per dekatherm of gas delivered to the aggregated group.

12. Late Payment Charge: If the unpaid balance is in excess of $10, a late payment charge of 1.5% of the unpaid balance or $1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is $10 or less.

RATE SCHEDULE SLVI-CONSOLIDATED
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

13. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay $50.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph "3."

14. Notification: MERC will provide written notice to each customer contracting for transportation service that unless the customer buys joint service from MERC is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges MERC incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.

15. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

16. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

FLEXIBLE RATE GAS SERVICE RIDER

1. <u>Availability:</u> Service under this rate schedule is available to any non-general-service customer.

2. <u>Applicability and Character of Service:</u>
Service under this rate schedule is limited to customers subject to effective competition. ("Effective competition" means that a customer who either receives interruptible service or whose daily requirement exceeds 50 dekatherm maintains or plans on acquiring the capability to switch to the same, equivalent or substitutable energy supplies or service, except indigenous biomass energy supplies composed of wood products, grain, biowaste, or cellulosic materials, at comparable prices from a supplier not regulated by the Commission.)

A customer whose only alternative source of energy is gas from a supplier not regulated by the Commission and who must use Company's system to transport the gas is not eligible for flexible-rate service. However, customers who have or can reasonably acquire the capability to bypass Company's system are eligible to take service under flexible tariffs.

3. <u>Rate:</u>
Minimum and maximum charges are shown on Sheet 7.07, Columns I and J, for each class of customers eligible to take flexible-rate service.

A. The Customer Charge shall be the amount in the applicable non-flexible tariff under which customer would otherwise take service.
B. The minimum charge for daily firm capacity shall be the amount the interstate pipeline charges Company.
C. The rate for gas delivered shall be at least $0.0045 per therm.
D. The minimum monthly bill shall be the sum of the Customer Charge, the daily firm capacity charge, and the tariff margin charge for all volumes taken subject to and computed in accordance with Part C.
E. Rates set forth on Sheet 7.07 are base rates subject to change in accordance with the Provisions of Purchased Gas Adjustment - Uniform Clause.

4. <u>Volume Adjustment:</u> Rates are based on gas with the equivalent heating value of 1,000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

<u>Interim Rate Adjustment</u>: A 8.99% adjustment will be applied to each bill for customer and daily firm capacity charges prior to any applicable cost of gas charges and surcharges. The interim rate adjustment will be shown as a line item adjustment on the customer bill.

FLEXIBLE RATE GAS SERVICE RIDER (Continued)

5. General Terms and Conditions:
All terms of the non-flexible tariff under which customer would otherwise take service apply. The General Terms and Conditions contained in the tariff book shall also apply to service taken under this rider.

6. Election of Service:
Service under this rider is at the option of the customer, except that, customers who use alternative energy supplies as described in the Applicability of Service Section are limited to taking service under this rider. Any customer electing service under this rider must remain on this rider for a period of at least one year.

7. Default Rate:
If a rate cannot be negotiated in a timely manner, the customer agrees to pay Company a default rate equal to the applicable upward flexible rate shown on Sheet 7.07.

8. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

TRANSPORTATION FOR RESALE NORTHWEST NATURAL GAS

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other "Transportation for Resale" customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.

2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers.

   The end-use customers for this service are firm customers. Customers under this rate schedule are required to secure Daily Firm Capacity at the MDQ level. If customers do not secure DFC and demonstrate firm capacity on the pipeline they may be interrupted.

3. Rate:
   A. Fixed Charge: The customer charge shall be $190.00 per month plus a charge of $110.00 per month for administrative costs related to transportation.
   B. Tariff Margin Charge: All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of $0.07428 per therm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.
   C. Daily Firm Capacity: The rate shall be $0.10226 per therm, which includes the DFC rate of $0.01000 per therm for Company distribution system capacity.

Interim Rate Adjustment: A customer charge interim rate adjustment will be calculated by multiplying the current customer charge by 8.99%. A transportation charge interim rate adjustment will be calculated by multiplying the current transportation administrative charge by 8.99%. For customers receiving joint service, a per therm interim rate adjustment for daily firm capacity will be calculated by multiplying the current rate margin of $0.30 by 8.99 %. The combined effect of these interim rate adjustments will be shown as a line item adjustment on the customer bill.

The customer is responsible for purchasing interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with an Joint Certification signed by the customer and the third party supplier). The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers.

4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.

5. Volume Adjustment:
   Rates are based on gas with the equivalent heating value of 1000 Btu's. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC's General Rules, Regulations, Terms and Conditions. Btu's will be calculated on an arithmetic average.

6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

7. Remarks: Reflects interim rates at Docket No. G011/GR-17-563. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest. If the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

PENALTY FOR UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED

1. Northern Natural Gas Penalty: Should Northern Natural Gas Company call a Critical Day, the penalty for unauthorized takes will be a charge equal to the daily delivery variance charge of the pipeline. Currently, this charge is $113 per dekatherm and is equal to twice the reservation charge to reserve one (1) MMBTU of capacity under the current Northern Natural Gas Rate Schedule TFX.

2. Viking Gas Transmission Company: Not applicable.

3. Great Lakes Transmission: Not applicable.

NOTE: This tariff will be amended when changes in pipeline tariffs occur.

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

1. Applicability of Conservation Cost Recovery Charge and Adjustment:
"Large Energy Facility", as defined in Minn. Stat. 216B.2421 customers shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the "Large Energy Facility" customers can no longer participate in any utility's Energy Conservation Improvement Program.

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

"Commercial Gas Customers" that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241, Subd.1a (c) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat.216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Commercial Gas Customers" can no longer participate in the Company's Energy Conservation Improvement Program. The Company has fewer than 600,000 natural gas customers in Minnesota, thus making the Company subject to this Minnesota Statute.

2. Determination of Conservation Cost Recovery Charge (CCRC): The CCRC is the amount included in base rates dedicated to the recovery of CIP costs as approved by the MPUC in the Company's rate case. The CCRC factor is approved and applied on a per therm basis by .dividing the test-year CIP expenses by the test-year sales volumes (net of CIP-exempt volumes) The CCRC for each rate schedule is:

All Classes MERC	$0.02953/therm*

3. Adjustment: There shall be included on each customer's monthly bill a CCRA factor multiplied by the customer's monthly billing therms for gas service before any applicable adjustments, city surcharge, or sales tax.

4. Determination of Conservation Cost Recovery Adjustment Factor (CCRA): The CCRA is calculated for each customer class by dividing the recoverable CIP costs by the projected sales volumes for a designated recovery period, excluding the sales volumes of CIP-exempt customers. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CCRA for each rate schedule is:

* Proposed for approval effective January 1, 2018 with interim rates in Docket No. G011/GR-17-563.

Issued By: Theodore Eidukas
Vice President-Regulatory Affairs
Submittal Date: October 13, 2017
*Effective with bills issued on and after this date.

*Effective Date: January 1, 2018
Proposed Effective Date: January 1, 2018

CONSERVATION COST RECOVERY CHARGE AND ADJUSTMENT

All Classes MERC	$0.01024*

*Approved effective January 1, 2018 in Docket No. G011/M-17-340

5. Exemption: For those customer accounts granted an exemption by the Commissioner of the Minnesota Department of Commerce (or successor agency) from Conservation Improvement Program (CIP) costs pursuant to Minnesota Statutes section 216B.241, the CCRC and CCRA shall not apply. Those customer accounts determined by the Commission to qualify as a Large Energy Facility Customers, shall receive a monthly exemption from conservation program charges pursuant to Minn. Stat.§ 216B.16, subd. 6b Energy Conservation Improvement. Upon exemption from conservation program charges, the Large Energy Facility customers can no longer participate in any utility's energy Conservation Improvement Program.

Under Minn. Stat. 216B.241, any customer account determined by the Commission of the Minnesota Department of Commerce to qualify as a large customer facility shall be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the large customer facility. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from the conservation program charges, no exempt customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the Commissioner to withdraw its exemption.

Under Minn. Stat. 216B.241, any customer account that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota shall, upon a determination by the Commissioner of the Department of Commerce as qualifying for an opt out of the Conservation Improvement Program, be exempt from CIP investment and expenditure requirements with respect to retail revenues attributable to the commercial gas customers. Customer accounts granted exemption by a decision of the Commissioner after the beginning of the calendar year shall be credited for any CIP collections billed after January first of the year following the Commissioner's decision. Upon exemption from conservation program charges, the customers can no longer participate in any utility's energy Conservation Improvement Program unless the customer submits a filing with the Commissioner to withdraw its exemption.

6. Accounting Requirements: The Company is required to record all costs associated with the conservation program in a CIP Tracker Account. All revenues recovered through the CCRA are booked to the Tracker as an offset to expenses.