Minnesota Energy Resources Corporation
Docket No. G011/GR-22-504
Informational Requirements Document No. 5
Schedule 1
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Amounts In Thousands

2021 Historic Adjusted Net Operating Income

Line No.	Description	Reference		Total	Mi	nnesota	Mic	higan
1	Recorded Net Operating Income	IR-5 Page 3	\$	24,849	\$	24,558	\$	291
2	recorded recording meeting	o . ago o	т	,	т	,	*	
3	Tax Effect of Interest Allowed	IR-5 Page 2	\$	(159)	\$	(188)	\$	29
4		3	•	, ,		,	•	
5	Adjusted Net Operating Income	Line 1 + Line 3	\$	24,690	\$	24,370	\$	320
		2022 Projected Adjuste	ed Net Op	erating Incor	me			
	Description	Reference		Total	Mi	nnesota	Mic	higan
6	Recorded Net Operating Income	IR-5 Page 3	\$	7,067	\$	6,625	\$	443
7								
8	Tax Effect of Interest Allowed	IR-5 Page 2	\$	(120)	\$	(163)	\$	43
9								
10	Adjusted Net Operating Income	Line 6 + Line 8	\$	6,948	\$	6,462	\$	485
		2023 Proposed Adjuste	ed Net Op	perating Incor	ne			
	Description	Reference		Total	Mi	nnesota	Mic	higan
11	Recorded Net Operating Income	IR-5 Page 3	\$	5,593	\$	5,397	\$	196
12								
13	Tax Effect of Interest Allowed	IR-5 Page 2	\$	(34)	\$	(34)	\$	(0)
14								
17								

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2021 Historic Interest Adjustment

		2021 Historic Interest	Adjust	ment				
Line No.	Description	Reference		Total		MERC- linnesota	MER	C-Michigan
1 2	Rate Base	IR-2 Page 1	\$	419,336	\$	411,307	\$	8,029
3	Debt Portion of Capital Structure	IIX-2 Fage I	Ψ	50.34%	Ψ	50.34%	φ	50.34%
4	Portion of Rate Base Funded by Debt	Line 2 * Line 3	\$	211,110	\$	207,068	\$	4,042
5	. Cities of Hate Base I amada by Bobt	3	Ψ	2,	*	201,000	Ψ	.,0 .2
6	Cost of Debt			2.66%		2.66%		2.66%
7	Interest Allowed	Line 4 * Line 6	\$	5,624	\$	5,516	\$	108
8								
9	Interest Included in Income Tax Accruals		\$	6,177	\$	6,169	\$	8
10	A LPC I Let I	117. 110	•	(550)	•	(050)	Φ.	00
11 12	Additional Interest Allowed	Line 7 - Line 9	\$	(553)	\$	(653)	\$	99
13	Tax Effect of Interest Allowed	Line 11 * Effective Tax Rate	\$	(159)	\$	(188)	\$	29
		2022 Projected Interes	t Adjus	tment				
						MERC-		
	Description	Reference		Total		linnesota	MER	C-Michigan
14	Description	Reference		Total		IIIIIesota	IVILIX	C-Wilchigan
15	Rate Base	IR-2 Page 1	\$	449,304	\$	440,058	\$	9,246
16	Debt Portion of Capital Structure	-3-	•	52.17%	•	52.17%	·	52.17%
17	Portion of Rate Base Funded by Debt	Line 15 * Line 16	\$	234,407	\$	229,583	\$	4,824
18								
19	Cost of Debt			3.24%		3.24%		3.24%
20	Interest Allowed	Line 17 * Line 19	\$	7,599	\$	7,443	\$	156
21	laterest laskeded in laseres Tay Asserts		Ф	0.040	æ	0.000	æ	7.07
22 23	Interest Included in Income Tax Accruals		\$	8,016	\$	8,009	\$	7.67
23 24	Additional Interest Allowed	Line 20 - Line 22	\$	(417)	\$	(566)	\$	149
25	Additional Interest Allowed	Line 20 - Line 22	Ψ	(417)	Ψ	(300)	Ψ	143
26	Tax Effect of Interest Allowed	Line 24 * Effective Tax Rate	\$	(120)	\$	(163)	\$	43
		2023 Proposed Interes	t Adjus	tment				
						MERC-		
	Description	Reference		Total		linnesota	MER	C-Michigan
27	Description	Reference		Total		iiiiiesota	IVILIX	C-Michigan
28	Rate Base	IR-2 Page 1	\$	483.003	\$	482,450	\$	553
29	Debt Portion of Capital Structure	-3-	•	47.00%	•	47.00%	·	47.00%
30	Portion of Rate Base Funded by Debt	Line 28 * Line 29	\$	227,012	\$	226,752	\$	260
31								
32	Cost of Debt			3.42%		3.4217%		3.4217%
33	Interest Allowed	Line 30 * Line 32	\$	7,768	\$	7,759	\$	9
34			•	7.005	•	7.07 -	•	_
35	Interest Included in Income Tax Accruals		\$	7,885	\$	7,876	\$	9
36 37	Additional Interest Allowed	Line 33 - Line 35	\$	(110)	\$	(110)	\$	(0)
37 38	Additional Interest Allowed	Line 33 - Line 33	Ф	(118)	Ф	(118)	Φ	(0)
39	Tax Effect of Interest Allowed	Line 37 * Effective Tax Rate	\$	(34)	\$	(34)	\$	(0)
				(5.1)		(01)		(0)

MERC - Minnesota Operating Income

			Historic 01/01/21		Projected 01/01/22		Proposed 01/01/23
Line No.	Description	Reference	- 12/31/21	Adjustments	- 12/31/22	Adjustments	- 12/31/23
1	Total Natural Gas Revenue	Exhibit_(JCHM-D), Schedule 2	262,863	155,501	418,365	(11,381)	406,984
2	Late Payment Revenue	IR-5 Page 4	170	555	725	225	950
3	Other Revenue	IR-5 Page 4	85,809	(117,488)	(31,679)	32,103	424
4	Total Operating Revenue	-	348,842	38,568	387,410	20,947	408,358
5	Cost of Gas	IR-5 Page 5	231,503	60,456	291,960	(168)	291,792
6	Production	IR-5 Pages 6 -8	1,382	5	1,388	(1,058)	330
7	Gas Supply	IR-5 Pages 6 -8	429	16	445	10	456
8	Transmission	IR-5 Pages 6 -8	5	0	6	840	845
9	Distribution	IR-5 Pages 6 -8	13,983	1,407	15,390	5,763	21,153
10	Customer Accounts	IR-5 Pages 6 -8	6,340	2,109	8,449	2,729	11,178
11	Customer Services	IR-5 Pages 6 -8	706	32	738	88	826
12	Sales	IR-5 Pages 6 -8	-	-	-	-	-
13	Administrative & General	IR-5 Pages 6 -8	18,179	(2,609)	15,570	1,226	16,797
14	Depreciation	IR-5 Page 9	20,920	1,849	22,769	1,925	24,694
15	Amortization	IR-5 Page 10	11,833	718	12,551	1,916	14,468
16	Taxes Other Than Income Taxes	IR-5 Page 11	12,613	297	12,909	9,624	22,534
17	Other Interest Expense	IR-5 Page 12	(8)	8	(1)	1	-
18	Income Taxes	IR-8	6,398	(7,788)	(1,389)	(721)	(2,111
19	Total Operating Expenses		324,284	56,501	380,786	22,175	402,961
20	Total Minnesota Operating Income		24,558	(17,933)	6,625	(1,228)	5,397

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			Historic 01/01/21		Projected 01/01/22		Proposed 01/01/23
Line No.	Description	Reference	- 12/31/21	Adjustments	- 12/31/22	Adjustments	- 12/31/23
1	487 Late Payment Revenues	General Ledger	170	555	725	225	950
2	488 Miscellaneous Service Revenues	General Ledger	587	(533)	54	(24)	30
3	493 Rent From Gas Property	General Ledger	-	30	30	10	40
4	495 Other Gas Revenue	General Ledger	85,221.555	(116,985)	(31,764)	32,117	354
5	Total Other Revenue		85,979	(116,933)	(30,954)	32,328	1,374
6	MERC-Minnesota		85,979	(116,933)	(30,954)	32,328	1,374
7	MERC-Michigan		-	-	-	-	-

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Amounts In Thousands

Line No.	Description	Reference	Historic 01/01/21 - 12/31/21	Adjustments	Projected 01/01/22 - 12/31/22	Adjustments	Proposed 01/01/23 - 12/31/23
1 2	Cost of Gas Total Cost of Gas	General Ledger	231,503 231,503	60,456 60,456	291,960 291,960	(168) (168)	291,792 291,792
3	MERC-Minnesota		231,503	60,456	291,960	(168)	291,792
4	MERC-Michigan		-	-	-	-	-

																					Amounts	In Thousands	
			Historic 01/01/21	Labor	Non-Labor	Uncollectil	ble Settlement	Office	Travel &	Line	Buil	Iding SWCR	& Reserve Me	eter/Station AN	II Itron Ser	vice Co Ac	tuals	Projected 01/01/22	Labor	Non-Labor		Jncollectible	_
Line No.																							
NO.	Description	Reference	- 12/31/21	Inflation	Inflation FI	MGP Adjustme	nt Accounting	Supplies	Entertainment	Locating O	dorant Mainte	enance Adj	ustment Mains Ma	aintenance S	ervice Reti	ırn on/ot Adju	stment	- 12/31/22	Inflation	Inflation	FMGP	Adjustment Incentive	es
- 1	735: Misc. Production Expense	General Ledger	1,310		98	(98)												1,310		45	(1,105)		
2	754: Field compressor station expenses	General Ledger	- 1,010		-	(50)												- 1,010		-	(1,100)		
3	756: Field measuring and regulating station expenses	General Ledger	72	0	5													77	0	2			(0)
4	Production		1,382	0	104	(98) -		-		-	-				-	-	-	1,388	0	48	(1,105)		(0)
5	804: Natural gas city gate purchases	General Ledger	-	-	-														-	-			
5	804W: atural gas city gate purchases 804.1: Liquefied natural gas purchases	General Ledger General Ledger	371	- 11	- 2													383	16	- 1			(8)
8	813: (Enter Description)	General Ledger	58	11	2													62	10	1			(0)
9	Gas Supply	Ochicia Edagai	429	12	5			-			-				-			445	16	2	-		(8)
10	856: Mains	General Ledger	3	0	0													3	0	0			(0)
11	857: Measuring & Regulating Station Equipment	General Ledger	0	0	0													0	0	0			(0)
12	863: Mains	General Ledger	1	0	0													1	0	0			(0)
13	865: Measuring & Regulating Station Equipment	General Ledger	2	0	0													2	0	0			(0)
14 15	867: Maintenance of Other Equipment Transmission	General Ledger	- 6	- 0	- 0													-	- 0				(0)
15	Transmission				U	•	•	-	•		-	•		•	-		<u> </u>			0		-	(0)
16	870: Supervision and Engineering	General Ledger																					
17	871: Dist Load Dispatching	General Ledger	400	12	0													412	18	0			(4)
18	874: Mains and Services	General Ledger	4 329	71	154					200	127							4,881	101	81		((19)
19	875: Meas and Reg Sta - General	General Ledger	336	8	6													350	12	3		,	(3)
20	877: Meas and Reg Sta - Gate Station	General Ledger	-	-	-														-	-			
21	878: Meter and House Reg Exp	General Ledger	491	13	5													509	19	3			(4)
22	879: Cust Install Expense 880: Other Expenses	General Ledger	78 4,057	2 97	1 73							44						81 4,271	3 137	0 35		,	(0)
23 24	880: Other Expenses 881: Rents	General Ledger General Ledger	4,057 27	97	73 2							44						4,271 29	137	35		(-	(48)
24 25	881: Rents 885: Supervision and Engineering	General Ledger General Ledger	27		2													29 25	- :	1			
26	887: Mains	General Ledger	1,085	- 22	29								200					1,336	31	20			(8)
27	889: Meas and Reg Sta Equip - General	General Ledger	386	6	16								200					407	8	7			
28	891: Meas and Reg Sta - Gate Station	General Ledger	253	4	9									173				439	6	10			(2) (1)
29	892: Services	General Ledger	1,433	31	33													1,497	44	15		(1	(12)
30	893: Meters and House Regulators	General Ledger	986	17	33									10				1,046	24	15			(5)
31	894: Other Equipment	General Ledger	101	0	7													108	0	3			(0)
32	Distribution		13,983	283	370			-		200	127	44	- 200	183	•	•	<u> </u>	15,390	402	194		- (1	107)
33	901: Supervision	General Ledger	222	-	0													229	10	0			(5)
34	902: Meter Reading Expenses	General Ledger General Ledger	533	12											678			1.234	10	27			(4)
35	903: Cust. Records and Collection Exp	General Ledger	4,452	29	264										370			4,745	41	121			(16)
	904: Uncollectible Accounts	General Ledger	1,065	-	80	1,0	125											2,169	1.728			790	
36 37	905: Misc.	General Ledger	69	2	2													72	2	1			(1)
38	Customer Accounts		6,340	49	357	- 1,0	125 -				-	-		-	678	-		8,449	72	184			(26)
39	907: Supervision	General Ledger	22	1	0													23	1	0			(6)
40	908: Customer Assistance Expense	General Ledger	584	14	9													607	20	4			(9)
41	909: Info & Instructional Advertising Exp	General Ledger	100	-	8													108	-	3			
42 43	910: Misc	General Ledger	706	15	- 17													738	- 21				(AE)
43	Customer Services		706	15	17						-	-			•	-		738	21			- ((15)
44	913: Advertising Expenses	General Ledger			-													_					
45	Sales	Control League		-					-		-	-		-		-			-				_
46	920: Administrative & General Salaries	General Ledger	4,146	130	-								(39)					4,236	183	-		(3:	396)
47	921: Office Supplies & Expenses	General Ledger	5,317	-	399		129	51	(4)				(3,931)				240	2,201	-	70			
48 49	923: Outside Services Employed 924: Property Insurance	General Ledger General Ledger	1,010 47	-	76 3													1,086 50	-	35 2			
49 50	924: Property Insurance 925: Injuries and Damages	General Ledger General Ledger	4/ 1.762	. ,	128													50 1.892	. ,	2 59			(0)
51	925: Injuries and Damages 926: Employee Pensions & Benefits	General Ledger General Ledger	3,905	. 2	128 293													1,892 4,198	. 2	134			(0)
52	927: Franchise Requirements	General Ledger			-													-,100		-			
52 53	928: Regulatory Commission Exp	General Ledger	424		32													456	-	15			
54	929: Duplicate Charges - CR	General Ledger		-	-													-	-	-			
55	930.1: General Advertising Exp	General Ledger	3	-	0													3	-	0			
56	930.2: Misc. General Expenses	General Ledger	1,071	1	77											(233)		916	2	35			(5)
57	931: Rents	General Ledger	497	0	37													534	0	17			(0)
58 59	935: General Plant	General Ledger	18,179	132	1,046	_	- 129	51	(4)				(3,970) -			(233)	240	15,571	187	367			(01)
59	Administrative and General		18,179	132	1,046		- 129	17	(4)		•	-	(3,970) -	•		(233)	∠40	15,5/1	187	367		- (4)	101)
60	Non-Fuel O&M		41,026	491	1,898	(98) 1,0	125 129	51	(4)	200	127	44	(3,970) 200	183	678	(233)	240	41,987	699	803	(1,105)	790 (5	57)
					/																.,		_
61	MERC-Minnesota Allocation Dollars																						
62	Production (System Sales)		1,382															1,388					
63	Gas Supply (System Sales)		429															445					
64 65	Transmission (Total Sales) Distribution (Distribution Plant)		5 13.983															6 15,389.65					
66	Distribution (Distribution Plant) Customer Accounts (Fixed Charge Counts)		13,983 6,340															15,389.65 8,449					
67	Customer Services (Fixed Charge Counts)		706															738					
68	Sales (Fixed Charge Counts)																						
69	Administrative and General (Salaries and Wages)		18,179															15,570					
70	Total MERC-Minnesota		41,026														•	41,986					
71	MERC-Michigan Allocation Dollars																						
72	Production (System Sales)		-															-					
73	Gas Supply (System Sales)																						
74 75	Transmission (Sysetm Sales) Distribution (Distribution Plant)		1															1					
75 76	Distribution (Distribution Plant) Customer Accounts (Fixed Charge Counts)		- 0																				
77	Customer Services (Fixed Charge Counts)		0															0					
78	Sales (Fixed Charge Counts)		- 0															. "					
79	Administrative and General (Salaries and Wages)		0															0					
80	Total MERC-Michigan		1															1					
00																							

																							ts In Thousand	
Line No.	Description	-	Farm Tap	Bridge Inspections	ROW Clearings	AMI Li Savings Loca	_		ployee D Add Pre	-	_		Cross Bores / Sew Lateral / Mapping	•		vice/ Mobile A				Econ Develop Mer	mberships		Property Tax Litigation	Insurance/ Injuries & Damages
2	735: Misc. Production Expense 754: Field compressor station expenses 756: Field measuring and regulating station expenses																							
	Production																							-
6 7	804: Natural gas city gate purchases 804W: atural gas city gate purchases 804.1: Liquefied natural gas purchases 813: (Enter Description)																							
9	Gas Supply		•	•	-	•	•	•	•	•	•			-			•	•	-	•		•		
11 12	856: Mains 857: Measuring & Regulating Station Equipment 863: Mains 865: Measuring & Regulating Station Equipment	250	250	125	300																			
14	867: Maintenance of Other Equipment Transmission	250	250	125	300																			
			200	120	000																			
17 18 19 20 21	870: Supervision and Engineering 871: Dist Load Dispatching 874: Mains and Services 875: Meas and Reg Sta - General 877: Meas and Reg Sta - Gate Station 876: Meter and House Reg Exp						70	80																
23 24	879: Cust Install Expense 880: Other Expenses 881: Rents 885: Supervision and Engineering								242	323	230	115												
27	887: Mains 889: Meas and Reg Sta Equip - General											490)											
29 30	891: Meas and Reg Sta - Gate Station 892: Services 893: Meters and House Regulators											600		025	100									
	894: Other Equipment Distribution			-			70	80	242	323	230	115 1,090	3,	025	100	-				-				-
34 35 36	901: Supervision 902: Meter Reading Expenses 903: Cust. Records and Collection Exp 904: Uncollectible Accounts					(448)									2	1,156								
	905: Misc. Customer Accounts					(448)								-	- 2	,156			-					-
40 41	907: Supervision 908: Customer Assistance Expense 909: Info & Instructional Advertising Exp 910: Misc																75	(1)						
	Customer Services	-			-	-			-								75	(1)	-	-				-
44	913: Advertising Expenses																							
45	Sales		-	•	-	•	•	•	•	-	•			-	•	•		•	-	-	-	•	-	
47 48 49	920: Administrative & General Salaries 921: Office Supplies & Expenses 923: Outside Services Employed 924: Property Insurance 925: Injuries and Damages								194										550	(42)	(0)	(34)	190	10 202
51 52 53 54 55 56 57	926: Employee Persions & Benefits 927: Franchies Requirements 928: Regulatory Commission Exp 929: Duplicate Charges - CR 930.1: General Advertising Exp 930.2. Misc. General Expenses 931: Rants 935: General Plant																							202
	Administrative and General		-	•	-	•			194	-	•				-			-	550	(42)	(0)	(34)	190	212
60	Non-Fuel O&M	250	250	125	300	(448)	70	80	436	323	230	1,090	3,	025	100 2	,156	75	(1)	550	(42)	(0)	(34)	190	212
62 63 64 65 66 67 68 69	MERC-Minnesota Allocation Dollars Production (System Sales) Gas Supply (System Sales) Transmission (Total Sales) Distribution (Distribution Plant) Customer Accounts (Fixed Charge Counts) Customer Accounts (Fixed Charge Counts) Sales (Fixed Charge Counts) Administrative and General (Salaries and Wages) Total MERC-Minnesota																							
74	MEDC Michigan Allocation Dellara																							

71 MERC-Michigan Allocation Dollars
72 Production (System Sales)
73 Gas Supply (System Sales)
74 Transmission (System Sales)
75 Distribution (Distribution Plant)
76 Customer Accounts (Fixed Charge Counts)
77 Customer Services (Fixed Charge Counts)
78 Sales (Fixed Charge Counts)
79 Administrative and General (Salaries and Wages)
70 Total MERC-Michigan

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Amounts In Thousands
Service Co. Pronosed 0/10/1/23

		Service Co	Proposed 01/01/23
Line No.	Bookston		
NO.	Description	Benefits Return on/of	- 12/31/23
1	735: Misc. Production Expense		250.27
3	754: Field compressor station expenses 756: Field measuring and regulating station expenses		- 8
4	Production		33
5	804: Natural gas city gate purchases		
6 7	804W: atural gas city gate purchases 804.1: Liquefied natural gas purchases		39
8	813: (Enter Description)		59
9	Gas Supply		45
10 11	856: Mains		50
12	857: Measuring & Regulating Station Equipment 863: Mains		42
13	865: Measuring & Regulating Station Equipment		
14	867: Maintenance of Other Equipment		
15	Transmission		93
16	870: Supervision and Engineering		
17	870: Supervision and Engineering 871: Dist Load Dispatching		42
18	874: Mains and Services		5,11
19	875: Meas and Reg Sta - General		36
20	877: Meas and Reg Sta - Gate Station		
21	878: Meter and House Reg Exp		60
22	879: Cust Install Expense 880: Other Expenses		8 5.30
24	881: Rents		5,30
25	885: Supervision and Engineering		2
26	887: Mains		1,37
27	889: Meas and Reg Sta Equip - General		91
28	891: Meas and Reg Sta - Gate Station		45
29 30	892: Services 893: Meters and House Regulators		4,56 1.78
31	893: Meters and House Regulators 894: Other Equipment		1,78
32	Distribution		21,15
			·
33	901: Supervision		23
34	902: Meter Reading Expenses		82
35 36	903: Cust. Records and Collection Exp 904: Uncollectible Accounts		7,04 2.99
37	905: Misc		2,99
38	Customer Accounts		11,17
		-	
39	907: Supervision		_1
40 41	908: Customer Assistance Expense		69
42	909: Info & Instructional Advertising Exp 910: Misc		11
43	Customer Services		82
		-	
44 45	913: Advertising Expenses Sales		
46	920: Administrative & General Salaries		4,21
47 48	921: Office Supplies & Expenses 923: Outside Services Employed		2,74 1,31
49	924: Property Insurance		1,51
50	925: Injuries and Damages		2,15
51	926: Employee Pensions & Benefits	22	4,35
52	927: Franchise Requirements		-
53	928: Regulatory Commission Exp		47
54 55	929: Duplicate Charges - CR 930.1: General Advertising Exp		
56	930.2: Misc. General Expenses	(18)	93
57	931: Rents		55
58	935: General Plant		
59	Administrative and General	22 (18)	16,79
60	Non-Fuel O&M	22 (18)	51,67
61	MERC-Minnesota Allocation Dollars		
62	Production (System Sales)		33
63	Gas Supply (System Sales)		45
64	Transmission (Total Sales)		. 84
65	Distribution (Distribution Plant)		21,15
66 67	Customer Accounts (Fixed Charge Counts) Customer Services (Fixed Charge Counts)		11,17 82
68	Sales (Fixed Charge Counts)		
69	Administrative and General (Salaries and Wages)		16,79
70	Total MERC-Minnesota		51,58
71	MERC-Michigan Allocation Dollars		
72	Production (System Sales)		
73	Gas Supply (System Sales)		•
74 75	Transmission (Sysetm Sales) Distribution (Distribution Plant)		8
75 76	Distribution (Distribution Plant) Customer Accounts (Fixed Charge Counts)		-
77	Customer Services (Fixed Charge Counts)		
78	Sales (Fixed Charge Counts)		
79	Administrative and General (Salaries and Wages)		
80	Total MERC-Michigan		8

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			Historic 01/01/21		Projected 01/01/22		Proposed 01/01/23
Line No.	Description	Reference	- 12/31/21	Adjustments	- 12/31/22	Adjustments	- 12/31/23
1	Minnesota Production Depreciation Expense	Allocated by System Sales	131	17	148.418	14	162
2	Minnesota Transmission Depreciation Expense	Allocated by Total Sales	192	8	200.258	28	228
3	Minnesota Distribution Depreciation Expense	Allocated by Distribution	19,862	1,728	21,590.361	1,781	23,371
4	Minnesota Customer Depreciation Expense	Allocated by Customers	734	96	830.105	102	932
5	Minnesota Total Depreciation Expense	•	20,920	1,849	22,769	1,925	24,694
6	Michigan Production Depreciation Expense	Allocated by System Sales	· -	-	-	-	-
7	Michigan Transmission Depreciation Expense	Allocated by Total Sales	21	(1)	20	3	23
8	Michigan Distribution Depreciation Expense	Allocated by Distribution	-	- ` ′	-	-	-
9	Michigan Customer Depreciation Expense	Allocated by Customers	0	0	0	0	0
10	Michigan Total Depreciation Expense	·	21	(1)	20	3	23
11	Production Depreciation Expense	General Ledger	131	17	148	14	162
12	Transmission Depreciation Expense	General Ledger	213	7	220	31	251
13	Distribution Depreciation Expense	General Ledger	19,862	1,728	21,590	1,781	23,371
14	Customer Depreciation Expense	General Ledger	734	96	830	102	932
15	Total Depreciation Expense	· ·	20,941	1,848	22,789	1,928	24,717

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			11'-1'- 04/04/04		Dara's at a 1 04 104 100		Amounts In Thousands
Line No.	Description	Reference	Historic 01/01/21 - 12/31/21	Adjustments	Projected 01/01/22 - 12/31/22	Adjustments	Proposed 01/01/23 - 12/31/23
Line No.	Description	Kelefelide	- 12/01/21	Adjustificitis	- 12/31/22	Aujustinents	- 12/31/23
1	MERC - CIP Expense	General Ledger	11,061	1,302	12,363	375	12,738
2	MERC - COVID Deferred Expense	General Ledger	-	-	-	-	-
3	MERC - ICE Cost Deferral	General Ledger	34	-	34	-	34
4	MERC - Rate Case Expense 2023	General Ledger	-	-	-	1,165	1,165
5	MERC - GAP Carry Cost	General Ledger	126	28	155	(14)	140
6	MERC - GUIC Sewer Laterals	General Ledger	601	(601)	0	-	-
7	MERC - GUIC EFV Outreach External	General Ledger	0	(0)	-	-	-
8	MERC - Farm Taps Phase 1 Costs	General Ledger	-	0	0	390	390
9	MERC - Amortization of Rate Case	General Ledger	10	(10)	-	-	-
10							
11	Total Amortization		11,833	718	12,551	1,916	14,468
12	MERC-Minnesota		11,833	718	12,551	1,916	14,468
13	MERC-Michigan		-	-	-	-	-

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Line No.	Description	Reference	Historic 01/01/21 - 12/31/21	Adjustments	Projected 01/01/22 - 12/31/22	Adjustments	Proposed 01/01/23 - 12/31/23
1	Payroll from Budget	General Ledger	1,223	132	1,355	(31)	1,324
2	Property Taxes	General Ledger	10,939	5,022	15,961	6,103	22,064
3	Property Tax Tracker - Amortization (incl non-refund deferral \$)	General Ledger	374	(4,829)	(4,455)	3,564	(891)
4	Misc TOTIT	General Ledger	23	(22)	2	0	2
5	Unauthor Ins Tax	General Ledger	69	(10)	59	2	60
6	Total Taxes Other Than Income Tax		12,629	292	12,921	9,638	22,559
7	MERC-Minnesota Allocation Dollars						
8	Salaries	IR-9 Page 4	1,223		1,355		1,324
9	Rate base	IR-9 Page 3	11,390		11,555		21,210
10	MERC-Minnesota		12,613		12,909		22,534
11	MERC-Michigan	Line 11- Line 24	16		12		26

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Line No.	Description	Reference	Historic 01/01/21 - 12/31/21	Adjustments	Projected 01/01/22 - 12/31/22	Adjustments	Proposed 01/01/23 - 12/31/23
1	431 Other Interest (excl Credit Facility Costs)		(8)	8	(1)	1	-
2	Rate Base Allocator - MN	IR-9 Page 3	99.866%		99.904%		99.886%
3	MERC-Minnesota	Line 1 * Line 2	(8)		(1)		
4	MERC-Michigan	Line 3 - Line 11	(0)		(0)		

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Minnesota Energy Resources Corporation Income Statement Variance Explanations

2023 Proposed Less 2021 Historical

2021 Hi	istorical	
Present Rate Revenue	59,516	The increase in tariff revenues is significantly effected by the increase in the cost of gas expense as described below.
Cost of Gas	60,288	The cost of gas is calculated based off of the sales forecast described in the Direct Testimony and Exhibits of Jared Peccarelli, and a NYMEX strip based on July 21, 2022.
Non-Fuel O&M Expense	10,645	Non-Fuel O&M is forecasted to increase due to the Known and Measurable items as described in the testimony of Joe Zgonc.
Depreciation Expense	3,776	Depreciation expense was calculated based off of the forecasted plant expenditures as described in the testimonies of Joylyn Hoffman-Malueg and Joe Zgonc. These forecasted plant balances were then applied to the depreciation rates as described in the testimony of Joe Zgonc.
Amortization	2,634	Amortization expense is projected to increase; the CIP amortization and 2023 rate case expense and farm tap amortizations debuting in the rate case forecast as explained in the direct testimony of Joe Zgonc.
Taxes Other Than Income Taxes	9,931	Property taxes are expected to increase as described in the testimony Mark Kissinger.