

142 FERC ¶ 61,222
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 26, 2013

In Reply Refer To:
Minnesota Energy Resources
Corporation
Docket No. PR13-21-000

Nixon Peabody LLP
401 9th Street NW, Suite 900
Washington, DC 20004-2128

Attention: Elizabeth W. Whittle
Counsel for Minnesota Energy Resources Corporation

Reference: Letter Order on Rate Election and
Revised Statement of Operating Conditions

Dear Ms. Whittle:

1. On January 2, 2013, pursuant to sections 284.123 and 284.123(b)(1)(ii) of the Commission's regulations¹ and the Order Issuing Blanket Certificate of Limited Jurisdiction in Docket No. CP06-378-000,² you filed on behalf of Minnesota Energy Resources Corporation (MERC) both a rate election for firm transportation service and a revised Statement of Operating Conditions (SOC)³ to modify its currently effective rates for interstate service to reflect revised rates for comparable intrastate service approved by

¹ 18 C.F.R. §§ 284.123 and 284.123(b)(1)(ii) (2012).

² *Minnesota Energy Resources Corp.*, 117 FERC ¶ 61,254 (2006).

³ Minnesota Energy Resources Corporation, FERC NGPA Gas Tariff, MERC Operating Statement Database, [Operating Statement, Baseline Operating Statement under 18 CFR Section 284.224, 1.1.0.](#)

the Minnesota Public Utilities Commission (MPUC).⁴ MERC's state-approved rates and its revised SOC are accepted, effective January 1, 2013, as proposed, subject to the condition discussed below.

2. MERC is a local distribution company and has been granted a section 284.224 limited jurisdiction blanket certificate by the Commission to perform interstate service.⁵ Since its application for a blanket certificate, MERC has elected under section 284.123(b)(1)(ii) of the Commission's regulations, to establish the same rates for interstate service as those contained in its currently effective Rate Schedule GS-NNG for comparable intrastate service on file with the MPUC. MERC proposes to apply the GS-NNG rates to Black Hills, its interstate customer, on the same date that it applies the unbundled GS-NNG rates to its intrastate customers. On December 21, 2012, the MPUC approved the following Firm Transportation rates: (1) for customers transporting 1,500 therms or less per year, a Customer Charge per Month of \$14.50 and a Distribution Charge of \$0.18525 per therm; and (2) for customers transporting over 1,500 therms per year, a Customer Charge per Month of \$35.00 and Distribution Charge of \$0.16868 per therm.

3. Public notice of MERC's filing was issued on January 3, 2013. Interventions and protests were due on or before January 14, 2013. Pursuant to Rule 214,⁶ all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed. In its filing, MERC requests waiver to allow an effective date of January 1, 2013 for its rates and SOC revisions. Waiver is granted and MERC's state-approved rate and its revised SOC are accepted, effective January 1, 2013, as proposed, subject to the condition discussed below.

⁴ See Exhibit C and Exhibit D, Docket No. G-007,011/GR-10-977. Under MPUC procedures, after the MPUC issues its Order, the utility must make a substantive compliance filing including rate sheets. MERC made filings on September 21, October 9, 15 and November 9, 2012. On December 21, 2012, the MPUC approved the compliance filing.

⁵ MERC is otherwise exempt from the Commission's Natural Gas Act (NGA) jurisdiction pursuant to section 1(c) of the NGA.

⁶ 18 C.F.R. § 385.214 (2012).

4. On or before January 1, 2018,⁷ MERC must file with the Commission either: (a) an application pursuant to 18 C.F.R. § 284.123(b)(1) seeking to establish its cost-based MPUC-approved transportation rates as its rates for interstate transportation services provided under its Order No. 63 blanket certificate; or (b) a filing with cost, throughput, revenue and other data, in the form specified in section 154.313 of the Commission's regulations,⁸ to allow the Commission to determine whether any change in MERC's interstate transportation rates is required pursuant to section 5 of the NGA. MERC may file a petition for rate approval under section 284.123(b)(2) of the Commission's regulations to establish new maximum rates at any time within the five-year period to fulfill this periodic rate review requirement.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁷ *Contract Reporting Requirements of Intrastate Natural Gas Companies*, Order No. 735, FERC Stats. & Regs. ¶ 31,310, *order on reh'g*, Order No. 735-A, FERC Stats. & Regs. ¶ 31,318 (2010); *see also Hattiesburg Industrial Gas Sales, L.L.C.*, 134 FERC ¶ 61,236 (2011) (imposing a five-year rate review requirement).

⁸ 18 C.F.R. § 154.313 (2012).