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October 27, 2016

VIA ELECTRONIC FILING

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Petition for Change in Contract Demand Entitlement
Docket No. G022/M-16-522

Dear Mr. Wolf:

In its Petition filed previously in this docket, Greater Minnesota Gas, Inc. (“GMG”) indicated that it intended to file an informational letter near November 1st identifying whether it proposed any changes to its original demand entitlement request. GMG is amending its request as discussed herein.

GMG has determined that it will not contract for the proposed incremental 350 dekatherms of daily capacity (Viking Forward Haul FT-Zone 1) that was contemplated in GMG’s Petition herein. As of the writing of this letter, GMG is approximately 135 customers short of its goal for the year. The primary factor in the customer shortage is that Otter Tail County delayed a highway construction project; and, as a result, GMG’s main extension to approximately 200 customers along the highway construction route is being delayed until next year when Otter Tail County expects to complete the highway project. Although GMG continues to sign up new customers, GMG expects that it will finish the year short of its goal, given the highway project delay.

Hence, GMG revised its demand entitlement request and now seeks an increase in total demand entitlement as follows:

Previous Entitlement	Revised Proposed Entitlement 2016-17 (Dth)	Entitlement Changes (Dth)	% Change From Previous Year
12,509	13,009	500	4.0%



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GMG revised its design day analysis based on its revised customer numbers; and, the slight shortfall in new customers resulted in a slightly decreased design day requirement. The table below shows GMG's revised design day and reserve calculations:

Planned Customer Base		
Revised Design Day Requirement	12,364	Dth
Reserve Margin at 5.2%	645	Dth
Design Day Requirement With 5.2% Reserve Margin	13,009	Dth

For illustrative purposes, a revised Demand Profile and Supply Comparison, originally contained in Attachment B of GMG's Petition, is included below:

Revised Demand Profile and Supply Comparison

2015 - 2016 Heating Season			2016 - 2017 Heating Season		
	Quantity (Dth)	Change in Quantity (Dth)		Quantity (Dth)	Change in Quantity (Dth)
TF 12 (Nov. - Oct.)	210	-	TF 12 (Nov. - Oct.)	210	-
TFX-7 (Oct. - Apr.)	665	-	TFX-7 (Oct. - Apr.)	665	-
TFX-5 (Nov. - Mar.)	6,344	-	TFX-5 (Nov. - Mar.)	6,344	-
TFX-5 (Nov. - Mar.)	90	-	TFX-5 (Nov. - Mar.)	90	-
(4) Viking Forward Haul/Emerson	1,400	-	(4) Viking Forward Haul/Emerson	1,400	-
(5) Viking Forward Haul/Emerson	1,200	-	(5) Viking Forward Haul/Emerson	1,200	-
FT-A Capacity Release - Non-recallable	2,600	2,600	FT-A Capacity Release - Non-recallable	2,600	-
(6) Delivery Contract	-	(950)			
			(7) TF 12 (Nov. - Oct.)	500	500
(2) Viking Zone 1	2,000		(2) Viking Zone 1	2,000	-
(3) TFX-1 (Purchased Oct. 2014)	1,000		(3) TFX-1 (Purchased Oct. 2014)	1,000	
SMS	2,000	-	SMS	2,000	-
Heating Season Total Capacity	12,509	1,650	Heating Season Total Capacity	13,009	500
Non-Heating Season Total Capacity	210	-	Non-Heating Season Total Capacity	210	-
Total Entitlement @ Peak	12,509	1,650	Total Entitlement @ Peak	13,009	500
Total Annual Transportation	-	-	Total Annual Transportation	-	-
Total Season Transportation	12,509	1,650	Total Season Transportation	13,009	500
Total Percent Summer Vs. Winter	1.7%		Total Percent Summer Vs. Winter	1.6%	
Total Percent Seasonal	100.0%		Total Percent Seasonal	100.0%	

Notes:

- 1/ Only items in bold affect capacity entitlement level.
- 2/ Transport only. Does not increase peak day entitlement.
- 3/ 1,000 Dth of TFX purchased for October, 2014 only to replace capacity loss due to Viking's Force Majeur. Does not affect peak day entitlement.
- 4/ 1,400 Dth disrupted in October, 2014 only due to Viking Force Majeur
- 5/ 1,200 Dth of FT-A purchased during Viking open season beginning February 1, 2015.
- 6/ Company has contract for supply delivered to TBS. No demand Charges are applicable, but the 950Dth's are available on peak day.
- 7/ Company has secured 500 DKT of release capacity in Northern Natural Gas Zone E-F effective July 1, 2016. The capacity is permanently released to GMG and non-recallable. The capacity was available at Northern's existing tariff rate.



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GMG's revised request results in a drop in the proposed change in contract demand cost from the initially proposed total annual change of \$63,822.02 to a revised total annual change of \$45,465.50. As the revised illustrative PGA attached hereto demonstrates, the revised demand entitlement request continues to result in a rate decrease for GMG's customers.

Since the revised demand entitlement request will continue to provide for adequate supply to protect GMG's customers, along with slightly reducing customer rates, it strikes the best possible balance. Hence, GMG respectfully requests that the Commission approve its revised demand entitlement request.

GMG also takes this opportunity to advise the Commission regarding the service type change for one of its customers that GMG identified in its letter submitted in lieu of reply comments. GMG's largest customer receives retail service at some locations and transportation service at others. Recently, the customer transitioned some additional locations from retail to transportation service. The customer determined that the transition made sense for itself in terms of its own broader corporate plan in order to provide the customer with more contract flexibility. GMG and the customer developed a plan to provide for one year of recallable capacity release equal to the customer's proportionate amount of GMG's demand entitlement capacity. GMG believes that it is not prudent to permanently give up capacity; but, by providing capacity release on a recallable basis for one year with the customer paying the full rate, GMG's other customers are not jeopardized by the change. The mere fact of the transition does not impact GMG's current contract demand entitlement request; however, in the interest of transparency, GMG discussed the matter with Commission and Department staff and advises the Commission of the same.

All individuals identified on the attached service list have been electronically served with a copy of this letter. Thank you for your assistance. Please do not hesitate to contact me should you have any questions or concerns or if you require additional information. My direct dial number is (507) 665-8657 and my email address is kanderson@greatermngas.com.

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/

Kristine A. Anderson
Corporate Attorney

cc: Service List

FOR ILLUSTRATIVE PURPOSES ONLY

Greater Minnesota Gas, Inc.									
Purchased Gas Adjustment (PGA) Calculation									
Effective date of implementation:		Natural gas usage on and after November 1, 2016							
This PGA is based on the following Northern Natural Gas Tariffs:					This PGA is based on the following Viking Gas Transmission Co. Tariffs:				
7th Revised Sheet No. 50					v.21.0.0 superseding v.20.0.0				
Issued: 1/31/14					Issued: 11/14/14				
Effective: 4/1/14					Effective: 01/01/15				
8th Revised Sheet No. 51									
Issued: 12/04/14									
Effective: 01/06/2015									
1st Revised Sheet No. 55									
Issued: 6/30/14									
Effective: 9/30/14									
I. Greater Minnesota Gas, Inc. - Base Cost of Gas									
Approved in Docket No. G022/MR-10-949									
November 1, 2010									
All Customer Sales Rate Classes - Demand		MCF	x Months	x Tariff Rate	Equals	Rate/CCF			
						Firm	Interruptible		
	TFX - 7	300	7	\$5.6830	11,934	\$0.002773			
	TFX-5	4,244	5	\$15.1530	321,547	\$0.074711			
	SMS Demand	50	7	\$2.1800	763	\$0.000177			
		1,300	8	\$2.1800	22,672	\$0.005268			
	Total Capacity Cost				\$356,916				
	Rate Case 2009 Firm Sales Service Volume - CCF			4,303,890					
	Demand Base Cost of Gas / CCF					\$0.082929	\$0.000000		
All Customer Sales Rate Classes - Commodity									
	All Classes Commodity				\$ 2,808,142				
	Rate Case Total Sales Service Volume - CCF			4,775,650					
	Commodity Base Cost of Gas/CCF					\$0.588013	\$0.588013		
	Total Base Cost of Gas/CCF				\$3,165,058	\$0.670942	\$0.588013		
	Annual Sales Volume - 2009 Rate Case Sales Service Volume - CCF			4,775,650					
	Sales Service Volume - CCF			4,303,890					
	Interruptible Service Volume - CCF			471,760					
II. Greater Minnesota Gas, Inc. Rates - Current Cost of Gas Effective									
November 1, 2016									
	Commodity Cost of Gas				\$0.290300	WACOG			
III. Annual Sales Volume - 2016-2017 Budget (September - August) Adjusted for growth in sales for 2016-2017									
	Sales Service Volume - CCF			12,201,500	13,730,000				
	Interruptible Service Volume - CCF			1,528,500					
IV. Greater Minnesota Gas, Inc.'s - Current Cost of Gas Effective									
November 1, 2016									
All Customer Sales Rate Classes		MCF	x Months	x Tariff Rate	Equals	Rate/CCF			
						Firm	Ag Interr	Gen Interr	
	Viking Zone 1	2,000	12	\$4.3706	\$104,894	\$0.008597			
	Viking Zone 1	1,400	12	\$4.3706	\$73,426	\$0.006018			
	Viking Zone 1	1,200	12	\$4.3706	\$62,937	\$0.005158			
	TFX - 5	6,344	5	\$15.1530	\$480,653	\$0.039393			
	TF - 12	181	5	\$10.2300	\$9,258	\$0.000759			
	TF - 12	181	7	\$5.6830	\$7,200	\$0.000590			
	TF - 12	29	5	\$10.2300	\$1,483	\$0.000122			
	TF - 12	29	7	\$5.6830	\$1,154	\$0.000095			
	TF - 5	90	5	\$15.1530	\$6,819	\$0.000559			
	TFX - 7	665	5	\$15.1530	\$50,384	\$0.004129			
	TFX - 7	665	2	\$5.6830	\$7,558	\$0.000619			
	FT-A	2,600	12	\$5.7394	\$179,069	\$0.014676			
	TF - 12	500	5	\$10.2300	\$25,575	\$0.002096			
	TF - 12	500	7	\$5.6830	\$19,891	\$0.001630			
	Current Demand Cost of Gas				\$1,030,302	\$0.084441	\$0.000000	\$0.000000	
	Current Commodity Cost of Gas/CCF			% of Total	79%	\$0.290300	\$0.290300	\$0.290300	
	Total Cost of Gas/CCF				\$5,016,121	\$0.374741	\$0.290300	\$0.290300	

