

August 1, 2012

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket Nos. G011/M-12-558 and G007/M-12-559

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Requests (*Petitions*) by Minnesota Energy Resources Corporation (MERC or the Company) for approval by the Minnesota Public Utilities Commission (Commission) of changes in demand entitlements for its Northern Natural Gas (Northern or NNG) Transmission System (12-558) Purchased Gas Adjustment (PGA) and Northern Minnesota Utilities (NMU) System (12-559) PGA effective June 1, 2012.

The filings were submitted on May 31, 2012. The petitioner is:

Gregory J. Walters
Minnesota Energy Resources Corporation
3460 Technology Drive NW
Rochester, MN 55901

Based on its investigation, the Department recommends that the Commission **approve** the Company's proposal as modified and is available to answer any questions that the Commission may have.

Sincerely,

/s/ SACHIN SHAH
Rates Analyst

SS/ja
Attachments

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NOS. G011/M-12-558 and G007/M-12-559

I. SUMMARY OF COMPANY'S PROPOSAL

Pursuant to Minnesota Rules 7825.2910, subpart 2, Minnesota Energy Resources Corporation-PNG (MERC-PNG) and Minnesota Energy Resources Corporation-NMU (MERC-NMU), (together, MERC or the Company) filed two petitions for changes in demand entitlement petitions (*Petitions*) on May 31, 2012 pertaining to its MERC-PNG Northern Natural Gas (Northern or NNG) Purchased Gas Adjustment (PGA) system (Docket No. G011/M-12-558), and MERC-NMU PGA system (Docket No. G007/M-12-559). In both of its *Petitions*, MERC requests approval from the Minnesota Public Utilities Commission's (Commission) to implement the recovery of the changes in storage capacity with NNG for a contract that is effective June 1, 2012 through May 31, 2013. There are no other requested changes in demand volumes in these petitions.

Since MERC's demand entitlement analyses and filings are related in many ways, the topic of storage capacity is interrelated for the demand entitlement filings in Docket Nos. G011/M-12-558 and G007/M-12-559, that is, related to the PNG and NMU PGA systems. As a result, the Department files a single set of *Comments* for both Dockets.

The Minnesota Department of Commerce, Division of Energy Resources (Department, or DOC) discusses the effects of storage level changes on the Company's rates for different customer classes below, but notes that MERC-PNG's proposal would increase demand rates for General Service customers (which include residential customers) by \$0.0197 Dth or approximately \$1.69¹ per year for customers using 86 Mcf. Similarly, MERC-NMU's proposal would increase

¹ MERC-PNG Attachment 11, Page 1 of 2.

demand rates for General Service customers (including residential customers) by \$0.0075 Dth or approximately \$0.68² per year for customers using 90 Mcf.

The Company requested that the Commission allow recovery of the associated demand costs in its monthly PGA effective June 1, 2012 for the increase in storage service that is effective June 1, 2012 through May 31, 2013 for storage capacity that LS Power released. The previous contract for released storage capacity ended May 31, 2012; the proposed contract extends MERC's access to the storage capacity and increases the volume of storage capacity from the previous level of 400,000 Dth to 950,000 Dth.

MERC included an attachment showing the rate impacts resulting from moving cost recovery of storage contracts from the demand cost recovery portion of the monthly PGA to the commodity portion.³ On this attachment, MERC-PNG calculated that there would be a decrease in demand rates for the General Service Residential customer class when storage contract costs are included in the commodity portion of the PGA. Shifting storage costs to the commodity portion of the PGA would decrease the demand rates per year by \$0.1992 per Dth, resulting in an annual bill impact of approximately \$17.13 for General Service Residential customers using 86 Mcf.

For MERC-NMU customers, the Company calculated that shifting storage costs to the commodity portion of the PGA would decrease the demand rates per year by \$0.2500 per Dth, resulting in an annual bill impact of approximately \$22.50 for General Service Residential customers using 90 Mcf.

II. THE DEPARTMENT'S ANALYSIS OF THE COMPANY'S PROPOSAL

The Department's analysis of the Company's request includes the following sections:

1. the changes to MERC's storage levels; and
2. the PGA cost recovery proposal.

A. THE COMPANY'S PROPOSED CHANGES IN STORAGE LEVELS

1. Rate Design

In its Petition, MERC discussed the Firm Deferred Delivery (FDD) storage contract changes that would increase the availability of storage service and costs.

² MERC-NMU Attachment 4, Page 1 of 6, and Attachment 7, page 1 of 2.

³ MERC-PNG and MERC-NMU Attachment 4, Pages 4 through 6 of 6, and Attachment 11 page 2 of 2.

The DOC notes that it has advocated in several recent demand entitlement filings⁴ that demand costs associated with storage costs should be recovered through the commodity portion of the PGA since all customers, not just firm customers, benefit from storage gas. The Commission has not yet determined whether storage costs are more appropriately recovered through the commodity or through the demand portion of MERC's PGAs. However, the Commission's February 28, 2012 Order in Docket No. G007/M-11-1078 allows CenterPoint Energy to allocate 34.31 percent of storage costs to the commodity cost portion of CenterPoint Energy's PGA. Similarly, the Department recommends that the Commission allow MERC to recover storage gas contract costs through the commodity portion of the PGA rather than the demand portion and recommends that the Commission determine that all customers, not just firm customers, should pay for costs of storage gas.

While the Department has been recommending this rate design change since the 2007 demand-entitlement docket, DOC is aware that it would be problematic to implement such changes in rate design retroactively; as a result, the DOC urges the Commission to address this question of rate design and implement the changes on a going-forward basis, effective with the instant docket.

The Department discusses rates further below.

2. Connection with 2011-2012 Demand Entitlement Filing

The instant docket is both a stand-alone docket and a revision to MERC's 2011-2012 demand entitlement filing. It is a stand-alone docket due to the changes in contracted NNG capacity; thus, this filing should be considered a new demand entitlement filing according to Minn. Rules 7825.2910, subp. 2. It is also a revision to MERC's 2011-2012 demand entitlement filing. As a result, please see the Department's *Response Comments* in Docket Nos. G011/M-11-1084 and G007/M-11-1088 dated August 1, 2012 for further details and explanation as well.

Thus, the Department expects MERC to file demand entitlement filings per Minn. Rule 7825.2910, subp. 2, in May 2013 when the current storage contract with LS power expire.

3. Analysis of Proposed Change in Storage Levels

The Department sought clarification and additional information from the Company on the reasonableness of the proposed changes in storage levels for both MERC-PNG and MERC-NMU. In an email response dated July 25, 2012, and included as DOC Attachment 2, the Company states the following:

⁴ Please see the Department's Comments in Docket Nos. G011/M-07-1405, G011/M-08-1328, G011/M-09-1285 and G011/M-11-1084.

- Northern Natural Gas (NNG) does not have any storage capacity available to acquire directly from them.
- MERC has acquired capacity annually from LS Power since MERC's inception, typically 300,000 – 400,000 Dth.
- LS Power did not need all of their storage and offered 900,000 Dth of capacity to MERC. Since NNG does not have capacity available, the only way to acquire additional storage from NNG is through a storage expansion at a price higher than NNG's current maximum tariff rates. MERC felt it was a good acquisition to acquire the capacity at NNG's current maximum tariff rates.
- MERC agreed to acquire the 900,000 Dth of capacity from LS Power, which is 500,000 Dth more than previous year.
- MERC utilizes storage for several reasons: 1) A ready source of gas, 2) To meet fluctuations in demand due to weather, 3) Act as a natural hedge, as storage gas is injected in the summer time, when natural gas prices are typically lower than winter prices, 4) Utilize additional storage gas when winter gas daily prices are higher than the storage weighted-average-cost-of-gas (WACOG), but assuring not getting out of storage guideline parameters.
- MERC serves a very large and diverse customer base on NNG and the additional storage gives MERC more flexibility and better protection due to the changes in weather fluctuations that occur at the four weather stations MERC utilizes for forecasting on NNG: 1) Cloquet, 2) Minneapolis, 3) Rochester and 4) Worthington.
- As indicated above, storage is a natural hedge, because when gas is withdrawn, the cost of gas is known. Storage is part of MERC's hedging portfolio of 40% fixed price, 30% call options and 30% index priced gas.
- MERC's 40% fixed price strategy is comprised of storage and purchases of financial futures contracts. MERC's forecasted usage for the winter (November through March) of 2012/13 is approximately 20.4 Bcf. During that

timeframe, MERC's portfolio plans to utilize 5,225,970 Dth, which is approximately 25.6% of the total winter requirements. The remaining 14.4% of requirements to equal the fixed price strategy of 40% will be comprised of financial futures purchases.

- If MERC would have acquired the typical 400,000 Dth from LS Power, approximately 23.0% of the hedge portfolio is hedged by storage. That means MERC would have had to purchase 17% from financial futures purchases.
- MERC believes the 25.6% of normal winter requirements covered by storage is prudent and reasonable.

The DOC concludes that the Company's proposal is reasonable since MERC would be able to use the additional storage capacity during the upcoming 2012-2013 heating season as part of its plan to increase flexibility and provide a hedge against winter prices, and to meet fluctuations in demand due to weather at a cost that is more reasonable than the alternative method of acquiring Storage from NNG through a storage expansion process. The Department will provide its full analysis of the prudence and reasonableness of MERC's hedging and related costs in the future Annual Automatic Adjustment (AAA) Reports.

While the Company did not submit an updated design day study and associated calculations, it was appropriate in this case because a design day study is usually needed to determine whether changes in capacity are necessary to meet a projected peak day. In its *Petitions*, MERC is adding only the cost of additional storage injection and withdrawal capabilities rather than peak-day capacity. Thus, no Commission action is required on the Company's design day study in the instant *Petitions*. However, the DOC expects that MERC will submit an updated design day study and associated calculations in its demand entitlement *Petitions* planned for August 1, 2012 for the upcoming 2012-2013 heating season.

B. THE COMPANY'S PGA COST RECOVERY PROPOSAL

1. MERC-PNG

The demand entitlement amounts listed in DOC Attachment 1 represent the demand entitlements for which the Company's firm customers would pay.

In its *Petitions*, the Company compared its May 2012 PGA to its June 2012 PGA as a means of highlighting its changes in demand costs (MERC Attachment 4, Page 1 of 6). The Company's demand entitlement proposal would result in the following annual demand cost impacts for MERC-PNG if all costs were recovered from firm customers only:

- Annual bill increase of \$1.69 related to demand costs, or approximately 1.05 percent, for the average General Service customer consuming 86 Dkt annually;⁵
- Annual bill increase of \$2.83 related to demand costs, or approximately 1.05 percent, for the average Small Volume Firm customer consuming 4,800 Dkt annually; and
- Annual bill increase of \$8.50 related to demand costs, or approximately 1.05 percent, for the average Large Volume Firm customer consuming 14,841 Dkt annually.

The demand entitlement amounts listed in DOC Attachment 1 represent the demand entitlements for which the Company's firm customers would pay. In its *Petition*, the Company compared its May 2012 PGA to its June 2012 PGA as a means of highlighting its changes in demand costs (MERC Attachment 4, Page 1 of 6).

Similarly, the Company's demand entitlement proposal would result in the following annual demand cost impacts for MERC-NMU if all of the costs of the FDD storage were charged to firm customers:

- Annual bill increase of \$0.68 related to demand costs, or approximately 0.59 percent, for the average General Service customer consuming 90 Dth annually;⁶
- Annual bill increase of \$37.19 related to demand costs, or approximately 0.59 percent, for the average Large General Service customer consuming 4,932 Dth annually; and
- No demand charge impacts related to MERC's other rate classes.

The effects on firm customers would be lower if the costs of FDD storage capacity were spread to all customers through the commodity charge, as recommended by the Department. The effects on interruptible customers of charging the FDD costs through the commodity charge would be minimal.

III. THE DEPARTMENT'S RECOMMENDATIONS

Based on its investigation and conclusion that MERC's proposed increase in NNG storage capacity is reasonable, the Department recommends that the Commission approve the recovery of the Company's proposed level of storage capacity and proposed recovery of associated

⁵ The bill impacts recommended by the Company do not take into account a shift in storage costs from the demand portion of the monthly PGA to the commodity portion of the monthly PGA.

⁶ *Ibid.*

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Analyst assigned: Sachin Shah

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storage costs effective June 1, 2012 with the modification that MERC recover costs associated with Storage contracts through the commodity portion of the monthly PGA.

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DOC Attachment 1
Allocation and Direct Assignment
of NNG, GLGT, VGT and Centra Demand Entitlements
between MERC-PNG and MERC-NMU

	Total NNG	Iowa GS	Nebraska GS	05-1728 Peoples Mn GS	05-1727 NMU GS	Total	06-1536 Peoples Mn GS	06-1535 NMU GS	Total	07-1405 Peoples Mn GS
NNG Design Day	618,821	187,499	207,704	200,421	23,197	618,821	200,484	21,635	222,119	202,263
Customer Requirements moving to Transportation	25,490	6,330	18,635	400	125	25,490	0	0	0	0
For NMU - VGT Design Day					11,506			11,179		
For NMU - GLGT Design Day					17,688			18,422		
For NMU - Centra Design Day					9,716			9,824		
Adjusted NNG Design Day	593,331	181,169	189,069	200,021	23,072	593,331	200,484	21,635	222,119	202,263
Adjusted NNG Design Day Percentages	100.00%	30.53%	31.87%	33.71%	3.89%	100.00%	90.26%	9.74%	100.00%	90.40%
Total NNG Design Day Capacity	623,310	190,323	198,622	210,127	24,238	623,310	227,526	21,635	249,161	226,785
Total NMU Design Day Capacity					61,982			61,060		
Less: NGPL adjusted for nonrecalable releases	(89,276)	(2,795)	(86,481)	0	0	(89,276)	0	0	0	0
Less: Windom	(2,500)	0	0	2,500	0	2,500	2,500	0	2,500	2,500
Less: LS Power	(29,120)	0	(23,000)	6,120	0	(16,880)	29,100	0	29,100	26,323
Less: Northwestern Energy (Ortonville)	0	0	0	0	0	0	0	0	0	0
Less: Chisago delivery to Viking	0	0	0	0	0	0	7,000	0	7,000	7,000
Less: TF12B	(9,216)	(2,738)	(551)	5,927	0	2,638	0	0	0	0
Less: TF5	(28,009)	(10,312)	(15,624)	2,073	0	(23,863)	0	0	0	0
Less: TFX(5)	(37,656)	(12,656)	(25,000)	0	0	(37,656)	0	0	0	0
Less: Contract Demand Units	(100)	(100)	0	0	0	(100)	0	0	0	0
Total Design Day Capacity (excluding direct assignments)	427,433	161,722	47,966	193,507	24,238	427,433	188,926	82,695	271,621	190,962
Factors for All Winter Capacity	100.00%	37.84%	11.22%	45.27%	5.67%	100.00%	69.56%	30.44%	100.00%	69.13%
<u>Allocated Entitlements in PGA</u>										
TF12B	151,892	57,469	17,045	68,765	8,613	151,892	42,170	7,340	49,510	43,858
TF12V				0	0	0	34,070	5,930	40,000	15,946
TF5	187,122	70,799	20,999	84,713	10,611	187,122	36,772	2,102	38,874	29,619
TFX12 (112486)				11,318	0	11,318	9,724	0	9,724	9,724
TFX(5) (112486)				0	0	0	65,117	5,514	70,631	46,558
TFX(5) (112561)				0	0	0	6,000	0	6,000	6,000
TFX(5) (112486)	49,917	18,886	5,602	22,598	2,831	49,917	2,073	0	2,073	3,996
TFX(5) (12-V)	13,502	5,109	1,515	6,113	766	13,502	0	0	0	0
TFX12 (111866)				0	0	0	0	0	0	414
TFX12 (111866)				0	0	0	0	0	0	8,271
TFX5 (111866)	25,000	9,459	2,805	0	1,418	13,682	0	0	0	33,576
Total Allocated Entitlements in PGA	427,433	161,722	47,966	193,507	24,238	427,433	195,926	20,886	216,812	197,962
<u>Direct Assigned Entitlements in PGA (NNG)</u>										
NGPL	89,276	2,795	86,481	0	0	89,276	0	0	0	0
Windom	2,500			2,500	0	2,500	2,500	0	2,500	2,500
LS Power	29,120		23,000	6,120	0	29,120	29,100	0	29,100	26,323
Northwestern Energy (Ortonville)				0	0	0	0	0	0	0
NNG Zone GDD Call Option				0	0	0	0	0	0	0
TFX(5)	9,216	2,738	551	5,927	0	9,216	0	0	0	0
TFX(7)	28,009	10,312	15,624	2,073	0	28,009	0	0	0	0
TFX(5)	37,656	12,656	25,000	0	0	37,656	0	0	0	0
TFX7 chg to TFX12 (111866)*				0	0	0	0	0	0	0
Total Direct Assignments	195,777	28,501	150,656	16,620		195,777	31,600		31,600	28,823
Total Capacity before Peak Shaving	623,210	190,223	198,622	210,127	24,238	623,210	227,526	20,886	248,412	226,785
LP Peak Shaving	0	0	0	0	0	0	0	0	0	0
Total Design Day Capacity w/o Contract Demand	623,210	190,223	198,622	210,127	24,238	623,210	227,526	20,886	248,412	226,785
Total Transp. (with TFX Offpeak less LSP)				262,081			198,426			200,462
Total Annual Transportation				68,765			76,240			59,804
Total Seasonal Transportation				115,497			38,845			67,191
Total Percent Seasonal				55.0%			17.1%			29.6%
LS Power as % of Total DD Capacity				2.9%			12.8%			11.6%
Reserve Margin				5.05%			13.49%			12.12%
<u>Direct Assigned Entitlements in PGA (NMU)</u>										
Viking FT-A (AF 0012)					8,366			7,966		
Viking FT-A backhaul					1,900			4,625		
Viking FT-A (AF 0014)					0			0		
Viking FT-A (AF 0102)					0			0		
Viking FT-A (AF 0183)					0			0		
Viking Chisago TF 12 (112495) B					1,303			2,546		
Viking Chisago TF 12 (112495) V					0			0		
Viking Chisago TF 5 (112495)					2,839			2,078		
Viking Chisago TF 12 (112486)					0			0		
Viking Chisago TF 5 (112486)					0			0		
Great Lakes T-16 & T-155 -12					13,130			11,308		
Great Lakes T-16 & T-155 -5					0			2,138		
Great Lakes FT8466-12					0			0		
Great Lakes FT15782-12					0			0		
Centra FT-1					8,358			9,858		
Centra -Boise					1,500			0		
Nexen Storage					4,600			6,000		
Tenaska PSO GL					86,549			0		
Wadena Delivered Option					0			0		
Tenaska PSO Centra					62,000			0		
ANR Storage	0	0	0	0	0	0	0	0	0	0
Total Capacity					212,883			62,780		
Total NNG transportation					24,238			20,886		
Total Annual Transportation					59,734			56,780		
Total Seasonal Transportation NNG					15,625			7,616		
Total Percent Seasonal on NNG					64.5%			36.5%		
Reserve Margin					3.79%			2.82%		

DOC Attachment 1
Allocation and Direct Assignment
of NNG, GLGT, VGT and Centra Demand Entitlements
between MERC-PNG and MERC-NMU

	Total NNG	Iowa GS	Nebraska GS	05-1728 Peoples Mn GS	05-1727 NMU GS	Total	06-1536 Peoples Mn GS	06-1535 NMU GS	Total	07-1405 Peoples Mn GS
<u>Direct Assigned Demand Not in PGA</u>										
TF-12-B Contract Demand	100	100	0	0	0	100	0	0	0	0
Total Design Day Capacity w/ contract demand	623,310	190,323	198,622	210,127	24,238	623,310	227,526	20,886	248,412	226,785
Factors	100.00%	30.53%	31.87%	33.71%	3.89%	100.00%	90.26%	9.74%	100.00%	90.40%
<u>Other Entitlements not included in Peak Day Deliverability</u>										
Field TF (TFF) (NMU direct assigned)				0			0	0	0	0
TFX Offpeak Old Oct. (60,000)	60,000	18,321	19,119	20,227	2,333	60,000	0	0	0	0
TFX Offpeak Old Oct. (35,000)	35,000	10,687	11,153	11,799	1,361	35,000	0	0	0	0
TFX Offpeak New Oct. (14,600)	14,600	4,458	4,652	4,922	568	14,600	0	0	0	0
TFX Offpeak New Apr. (39,600)	39,600	12,092	12,619	13,350	1,540	39,600	0	0	0	0
TFX Oct				0	0		2,000	0	2,000	2,000
TFX Apr				0	0		0	0	0	2,000
TFX7 chg to TFX12 (111866)*				0	0		0	0	0	10,837
TFX Apr-Oct	8,469	2,586	2,699	2,855	329	8,469	0	0	0	0
TFX May-Sept	14,600	4,458	4,652	4,922	568	14,600	0	0	0	0
FDD Storage reservation (112490)	138,913	42,416	44,266	46,830	5,402	138,913	69,094	6,343	75,437	68,309
FDD Storage capacity MSQ 1/	8,009,080	2,445,510	2,552,148	2,699,984	311,437	8,009,080	3,983,639	365,682	4,349,321	3,938,382
FDD Storage reservation (113704)	0	0	0	0	0	0	0	0	0	4,712
FDD Storage capacity MSQ 2/	0	0	0	0	0	0	0	0	0	271,655
FDD Storage reservation (118215)	0	0	0	0	0	0	0	0	0	0
FDD Storage capacity MSQ 3/	0	0	0	0	0	0	0	0	0	0
FDD Storage reservation (118657)	0	0	0	0	0	0	0	0	0	0
FDD Storage capacity MSQ 4/	0	0	0	0	0	0	0	0	0	0
ANR Capacity	0	0	0	0	0	0	0	0	0	0
Nexen PSO	255,000	77,862	81,258	85,964	9,916	255,000	0	600,000	600,000	0
Tenaska PSO	500,000	152,671	159,328	168,558	19,443	500,000	172,193	15,807	188,000	170,237
NGPL	3,558,225	1,086,476	1,133,853	1,199,532	138,364	3,558,225	0	0	0	0
SMS	54,000	16,488	17,207	18,204	2,100	54,000	20,773	1,907	22,680	20,537
SBA				0	0	0	0	0	0	0
Upstream Demand per Mo				0	32	32	0	0	0	0
Bison/NBPL (FT0003 & T8673F)				0	0	0	0	0	0	0
AECO Storage				0	0	0	0	0	0	0
1/ Cycled Volumes =				787,676	5,402	793,078	796,728	73,136	869,864	787,676
2/ Cycled Volumes =				0	0	0	0	0	0	54,331
3/ Cycled Volumes =				0	0	0	0	0	0	0
4/ Cycled Volumes =				0	0	0	0	0	0	0
* = See MERC Reply Comments and DOC Response Comments in Docket No. 09-1284										
2/ chg contract num to 123781										

DOC Attachment 1
Allocation and Direct Assignment
of NNG, GLGT, VGT and Centra Demand Entitlements
between MERC-PNG and MERC-NMU

	07-1402 NMU		08-1328 Peoples Mn		08-1329 NMU		09-1284 Peoples Mn		09-1282 NMU	
	GS	Total	GS	GS	GS	Total	GS	GS	Total	
NNG Design Day	21,491	223,754	225,397	21,791	21,791	247,188	203,360	24,680	228,040	
Customer Requirements moving to Transportation	0	0	0	0	0	0	0	0	0	
For NMU - VGT Design Day	12,331			10,129				12,198		
For NMU - GLGT Design Day	17,497			24,195				14,848		
For NMU - Centra Design Day	9,690			7,611				9,190		
Adjusted NNG Design Day	21,491	223,754	225,397	21,791	21,791	247,188	203,360	24,680	228,040	
Adjusted NNG Design Day Percentages	9.60%	100.00%	91.18%	8.82%	8.82%	100.00%	89.18%	10.82%	100.00%	
Total NNG Design Day Capacity	21,491	248,276	226,785	21,791	21,791	248,576	231,064	24,680	255,744	
Total NMU Design Day Capacity	61,009			63,726				60,916		
Less: NGPL adjusted for nonrecalable releases	0	0	0	0	0	0	0	0	0	
Less: Windom	0	2,500	2,500	0	0	2,500	2,500	0	2,500	
Less: LS Power	2,777	29,100	26,323	2,777	2,777	29,100	26,375	2,725	29,100	
Less: Northwestern Energy (Ortonville)	0	0	0	0	0	0	0	0	0	
Less: Chisago delivery to Viking	0	7,000	7,000	0	0	7,000	7,000	0	7,000	
Less: TF12B	0	0	0	0	0	0	0	0	0	
Less: TFX5	0	0	0	0	0	0	0	0	0	
Less: TFX(5)	0	0	0	0	0	0	0	0	0	
Less: Contract Demand Units	0	0	0	0	0	0	0	0	0	
Total Design Day Capacity (excluding direct assignments)	85,277	276,239	190,962	88,294	88,294	279,256	195,189	88,321	283,510	
Factors for All Winter Capacity	30.87%	100.00%	68.38%	31.62%	31.62%	100.00%	68.85%	31.15%	100.00%	
<u>Allocated Entitlements in PGA</u>										
TF12B	2,954	46,812	29,906	2,653	2,653	32,559	35,221	7,513	42,734	
TF12V	9,802	25,748	32,690	6,643	6,643	39,333	24,583	5,243	29,826	
TF5	1,991	31,610	26,827	5,451	5,451	32,278	29,619	1,991	31,610	
TFX12 (112486)	0	9,724	9,724	0	9,724		9,724	0	9,724	
TFX(5) (112486)	6,139	52,697	46,558	6,139	6,139	52,697	48,754	6,139	54,893	
TFX(5) (112561)	0	6,000	6,000	0	6,000		6,000	0	6,000	
TFX(5) (112486)	0	3,996	3,996	0	3,996		1,800	0	1,800	
TFX(5) (12-V)	0	0	0	0	0	0	0	0	0	
TFX12 (111866)	0	414	414	0	414		414	0	414	
TFX12 (111866)	0	8,271	8,271	0	8,271		9,140	0	9,140	
TFX5 (111866)	0	33,576	33,576	0	33,576		25,013	0	25,013	
Total Allocated Entitlements in PGA	20,886	218,848	197,962	20,886	20,886	218,848	190,268	20,886	211,154	
<u>Direct Assigned Entitlements in PGA (NNG)</u>										
NGPL	0	0	0	0	0	0	0	0	0	
Windom	0	2,500	2,500	0	0	2,500	2,500	0	2,500	
LS Power	2,777	29,100	26,323	2,777	2,777	29,100	26,375	2,725	29,100	
Northwestern Energy (Ortonville)	0	0	0	0	0	0	0	0	0	
NNG Zone GDD Call Option	0	0	0	0	0	0	0	0	0	
TFX(5)	0	0	0	0	0	0	0	0	0	
TFX(7)	0	0	0	0	0	0	0	0	0	
TFX(5)	0	0	0	0	0	0	0	0	0	
TFX7 chg to TFX12 (111866)*	0	0	0	0	0	0	11,921	0	11,921	
Total Direct Assignments	2,777	31,600	28,823	2,777	2,777	31,600	40,796	2,725	43,521	
Total Capacity before Peak Shaving	23,663	250,448	226,785	23,663	23,663	250,448	231,064	23,611	254,675	
LP Peak Shaving	0	0	0	0	0	0	0	0	0	
Total Design Day Capacity w/o Contract Demand	23,663	250,448	226,785	23,663	23,663	250,448	231,064	23,611	254,675	
Total Transp. (with TFX Offpeak less LSP)			200,462				204,689			
Total Annual Transportation			62,596				59,804			
Total Seasonal Transportation			64,399				56,432			
Total Percent Seasonal			28.4%				24.4%			
LS Power as % of Total DD Capacity			11.6%				11.4%			
Reserve Margin			0.62%				13.62%			
<u>Direct Assigned Entitlements in PGA (NMU)</u>										
Viking FT-A (AF 0012)	7,966			7,966				7,966		
Viking FT-A backhaul	4,987			5,902				5,902		
Viking FT-A (AF 0014)	0			0				0		
Viking FT-A (AF 0102)	0			0				0		
Viking FT-A (AF 0183)	0			0				0		
Viking Chisago TF 12 (112495) B	782			926				1,368		
Viking Chisago TF 12 (112495) V	0			0				955		
Viking Chisago TF 5 (112495)	1,765			2,089				563		
Viking Chisago TF 12 (112486)	1,963			2,324				2,089		
Viking Chisago TF 5 (112486)	476			563				926		
Great Lakes T-16 & T-155 -12	11,308			11,308				11,308		
Great Lakes T-16 & T-155 -5	2,138			2,138				2,138		
Great Lakes FT8466-12	4,500			4,000				3,000		
Great Lakes FT15782-12	0			0				0		
Centra FT-1	9,858			9,858				9,858		
Centra -Boise	0			0				0		
Nexen Storage	0			0				0		
Tenaska PSO GL	0			0				0		
Wadena Delivered Option	0			0				0		
Tenaska PSO Centra	0			0				0		
ANR Storage	0	0	0	0	0	0	0	0	0	
Total Capacity	64,419			64,835				63,782		
Total NNG transportation	23,663			23,663				23,611		
Total Annual Transportation	61,642			62,058				61,057		
Total Seasonal Transportation NNG	8,130			11,590				8,130		
Total Percent Seasonal on NNG	34.4%			49.0%				34.4%		
Reserve Margin	5.59%			1.74%				4.70%		

DOC Attachment 1
Allocation and Direct Assignment
of NNG, GLGT, VGT and Centra Demand Entitlements
between MERC-PNG and MERC-NMU

	07-1402 NMU GS	Total	08-1328 Peoples Mn GS	08-1329 NMU GS	Total	09-1284 Peoples Mn GS	09-1282 NMU GS	Total
<u>Direct Assigned Demand Not in PGA</u>								
TF-12-B Contract Demand	0	0	0	0	0	0	0	0
Total Design Day Capacity w/ contract demand	23,663	250,448	226,785	23,663	250,448	231,064	23,611	254,675
Factors	9.60%	100.00%	91.18%	8.82%	100.00%	89.18%	10.82%	100.00%
<u>Other Entitlements not included in Peak Day Deliverability</u>								
Field TF (TFF) (NMU direct assigned)	0	0	0	0	0	0	0	0
TFX Offpeak Old Oct. (60,000)	0	0	0	0	0	0	0	0
TFX Offpeak Old Oct. (35,000)	0	0	0	0	0	0	0	0
TFX Offpeak New Oct. (14,600)	0	0	0	0	0	0	0	0
TFX Offpeak New Apr. (39,600)	0	0	0	0	0	0	0	0
TFX Oct	0	2,000	2,000	0	2,000	2,000	0	2,000
TFX Apr	0	2,000	2,000	0	2,000	2,000	0	2,000
TFX7 chg to TFX12 (111866)*	0	10,837	10,837	0	10,837	0	0	0
TFX Apr-Oct	0	0	0	0	0	0	0	0
TFX May-Sept	0	0	0	0	0	0	0	0
FDD Storage reservation (112490)	7,128	75,437	68,309	7,128	75,437	66,871	6,833	73,704
FDD Storage capacity MSQ <u>1/</u>	410,939	4,349,321	3,938,382	410,939	4,349,321	3,855,372	393,949	4,249,321
FDD Storage reservation (113704)	492	5,204	0	0	0	0	0	0
FDD Storage capacity MSQ <u>2/</u>	28,345	300,000	0	0	0	0	0	0
FDD Storage reservation (118215)	0	0	3,141	328	3,469	4,722	482	5,204
FDD Storage capacity MSQ <u>3/</u>	0	0	181,100	18,900	200,000	272,177	27,822	300,000
FDD Storage reservation (118657)	0	0	5,026	524	5,550	5,035	515	5,550
FDD Storage capacity MSQ <u>4/</u>	0	0	289,765	30,235	320,000	290,335	29,665	320,000
ANR Capacity	0	0	0	0	0	0	0	0
Nexen PSO	669,700	669,700	0	684,604	684,604	0	684,604	684,604
Tenaska PSO	17,763	188,000	0	0	0	0	0	0
NGPL	0	0	0	0	0	0	0	0
SMS	2,172	22,709	20,537	2,143	22,680	20,577	2,103	22,680
SBA	0	0	0	0	0	0	0	0
Upstream Demand per Mo	0	0	0	0	0	0	0	0
Bison/NBPL (FT0003 & T8673F)	0	0	0	0	0	0	0	0
AECO Storage	0	0	0	0	0	0	0	0
1/ Cycled Volumes =	82,188	869,864	787,676	82,188	869,864	771,074	78,790	849,864
2/ Cycled Volumes =	5,669	60,000	0	0	0	0	0	0
3/ Cycled Volumes =	0	0	36,221	3,779	40,000	54,437	5,563	60,000
4/ Cycled Volumes =	0	0	57,953	6,047	64,000	58,067	5,933	64,000
* = See MERC Reply Comments and DOC Response Comr								
2/ chg contract num to 123781								

DOC Attachment 1
Allocation and Direct Assignment
of NNG, GLGT, VGT and Centra Demand Entitlements
between MERC-PNG and MERC-NMU

	10-1168 Peoples Mn	10-1166 NMU	Total	11-1084 Peoples Mn	11-1088 NMU	Total	12-558 Peoples Mn	12-559 NMU	Total
	GS	GS		GS	GS		GS	GS	
NNG Design Day	194,598	23,615	218,213	211,182	23,778	234,960	211,182	23,778	234,960
Customer Requirements moving to Transportation	0	0	0	0	0	0	0	0	0
For NMU - VGT Design Day		10,835			11,046			11,046	
For NMU - GLGT Design Day		14,964			14,870			14,870	
For NMU - Centra Design Day		8,248			8,295			8,295	
Adjusted NNG Design Day	194,598	23,615	218,213	211,182	23,778	234,960	211,182	23,778	234,960
Adjusted NNG Design Day Percentages	89.18%	10.82%	100.00%	89.88%	10.12%	100.00%	89.88%	10.12%	100.00%
Total NNG Design Day Capacity	233,627	23,615	257,242	221,436	23,778	245,214	221,436	23,778	245,214
Total NMU Design Day Capacity		57,662			57,989			57,989	
Less: NGPL adjusted for nonrecallable releases	0	0	0	0	0	0	0	0	0
Less: Windom	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500
Less: LS Power	25,951	3,149	29,100	0	0	0	0	0	0
Less: Northwestern Energy (Ortonville)	0	0	0	910	0	910	910	0	910
Less: Chisago delivery to Viking	0	0	0	0	0	0	0	0	0
Less: TF12B	0	0	0	0	0	0	0	0	0
Less: TF5	0	0	0	0	0	0	0	0	0
Less: TFX(5)	0	0	0	0	0	0	0	0	0
Less: Contract Demand Units	0	0	0	0	0	0	0	0	0
Total Design Day Capacity (excluding direct assignments)	205,176	84,426	289,602	219,846	81,767	301,613	219,846	81,767	301,613
Factors for All Winter Capacity	70.85%	29.15%	100.00%	72.89%	27.11%	100.00%	72.89%	27.11%	100.00%
<u>Allocated Entitlements in PGA</u>									
TF12B	34,875	4,232	39,107	42,396	4,774	47,170	42,396	4,774	47,170
TF12V	32,290	3,919	36,209	25,298	2,848	28,146	25,298	2,848	28,146
TF5	28,785	3,493	32,278	29,011	3,267	32,278	29,011	3,267	32,278
TFX12 (112486)	9,651	1,171	10,822	9,727	1,095	10,822	9,727	1,095	10,822
TFX(5) (112486)	51,163	6,208	57,371	51,383	5,806	57,189	51,383	5,806	57,189
TFX(5) (112561)	5,351	649	6,000	5,393	607	6,000	5,393	607	6,000
TFX(5) (112486)	1,605	195	1,800	1,800	182	1,982	1,800	182	1,982
TFX(5) (12-V)	0	0	0	0	0	0	0	0	0
TFX12 (111866)	1,144	139	1,283	1,153	130	1,283	1,153	130	1,283
TFX12 (111866)	7,376	895	8,271	7,434	837	8,271	7,434	837	8,271
TFX5 (111866)	22,306	2,707	25,013	22,482	2,531	25,013	22,482	2,531	25,013
Total Allocated Entitlements in PGA	194,546	23,608	218,154	196,077	22,077	218,154	196,077	22,077	218,154
<u>Direct Assigned Entitlements in PGA (NNG)</u>									
NGPL	0	0	0	0	0	0	0	0	0
Windom	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500
LS Power	25,951	3,149	29,100	0	0	0	0	0	0
Northwestern Energy (Ortonville)	0	0	0	910	0	910	910	0	910
NNG Zone GDD Call Option	0	0	0	11,235	1,265	12,500	11,235	1,265	12,500
TFX(5)	0	0	0	0	0	0	0	0	0
TFX(7)	0	0	0	0	0	0	0	0	0
TFX(5)	0	0	0	0	0	0	0	0	0
TFX7 chg to TFX12 (111866)*	10,631	1,290	11,921	10,715	1,206	11,921	10,715	1,206	11,921
Total Direct Assignments	39,082	4,439	43,521	25,360	2,471	27,831	25,360	2,471	27,831
Total Capacity before Peak Shaving	233,628	28,047	261,675	221,437	24,548	245,985	221,437	24,548	245,985
LP Peak Shaving	0	0	0	0	0	0	0	0	0
Total Design Day Capacity w/o Contract Demand	233,628	28,047	261,675	221,437	24,548	245,985	221,437	24,548	245,985
Total Transp. (with TFX Offpeak less LSP)	207,677			221,437			221,437		
Total Annual Transportation	67,165			67,694			67,694		
Total Seasonal Transportation	52,696			53,293			53,293		
Total Percent Seasonal	22.6%			24.1%			24.1%		
LS Power as % of Total DD Capacity	11.1%			0.0%			0.0%		
Reserve Margin	20.06%			4.86%			4.86%		
<u>Direct Assigned Entitlements in PGA (NMU)</u>									
Viking FT-A (AF 0012)		7,966			7,711			7,711	
Viking FT-A backhaul		0			0			0	
Viking FT-A (AF 0014)		0			678			678	
Viking FT-A (AF 0102)		0			1,234			1,234	
Viking FT-A (AF 0183)		0			1,852			1,852	
Viking Chisago TF 12 (112495) B		0			0			0	
Viking Chisago TF 12 (112495) V		0			0			0	
Viking Chisago TF 5 (112495)		0			0			0	
Viking Chisago TF 12 (112486)		0			0			0	
Viking Chisago TF 5 (112486)		0			0			0	
Great Lakes T-16 & T-155 -12		11,308			8,445			8,445	
Great Lakes T-16 & T-155 -5		2,138			2,238			2,238	
Great Lakes FT8466-12		3,000			0			0	
Great Lakes FT15782-12		0			5,536			5,536	
Centra FT-1		9,858			9,858			9,858	
Centra -Boise		0			0			0	
Nexen Storage		0			0			0	
Tenaska PSO GL		0			0			0	
Wadena Delivered Option		5,902			0			0	
Tenaska PSO Centra		0			0			0	
ANR Storage		0			0			0	
Total Capacity		68,219			62,100			62,100	
Total NNG transportation		28,047			24,548			24,548	
Total Annual Transportation		57,878			55,865			55,865	
Total Seasonal Transportation NNG		12,408			11,604			11,604	
Total Percent Seasonal on NNG		44.2%			47.3%			47.3%	
Reserve Margin		18.31%			7.09%			7.09%	

DOC Attachment 1
Allocation and Direct Assignment
of NNG, GLGT, VGT and Centra Demand Entitlements
between MERC-PNG and MERC-NMU

	10-1168 Peoples Mn GS	10-1166 NMU GS	Total	11-1084 Peoples Mn GS	11-1088 NMU GS	Total	12-558 Peoples Mn GS	12-559 NMU GS	Total
<u>Direct Assigned Demand Not in PGA</u>									
TF-12-B Contract Demand	0	0	0	0	0	0	0	0	0
Total Design Day Capacity w/ contract demand	233,628	28,047	261,675	221,437	24,548	245,985	221,437	24,548	245,985
Factors	89.18%	10.82%	100.00%	89.88%	10.12%	100.00%	89.88%	10.12%	100.00%
<u>Other Entitlements not included in Peak Day Deliverability</u>									
Field TF (TFF) (NMU direct assigned)	0	0	0	0	0	0	0	0	0
TFX Offpeak Old Oct. (60,000)	0	0	0	0	0	0	0	0	0
TFX Offpeak Old Oct. (35,000)	0	0	0	0	0	0	0	0	0
TFX Offpeak New Oct. (14,600)	0	0	0	0	0	0	0	0	0
TFX Offpeak New Apr. (39,600)	0	0	0	0	0	0	0	0	0
TFX Oct	1,784	216	2,000	1,798	202	2,000	1,798	202	2,000
TFX Apr	1,784	216	2,000	1,798	202	2,000	1,798	202	2,000
TFX7 chg to TFX12 (111866)*	0	0	0	0	0	0	0	0	0
TFX Apr-Oct	0	0	0	0	0	0	0	0	0
TFX May-Sept	0	0	0	0	0	0	0	0	0
FDD Storage reservation (112490)	67,273	8,164	75,437	67,803	7,634	75,437	67,803	7,634	75,437
FDD Storage capacity MSQ 1/	3,878,642	470,684	4,349,326	3,909,172	440,149	4,349,321	3,909,172	440,149	4,349,321
FDD Storage reservation (113704)	0	0	0	0	0	0	3,118	351	3,469
FDD Storage capacity MSQ 2/	0	0	0	0	0	0	179,755	20,245	200,000
FDD Storage reservation (118215)	6,187	751	6,938	6,236	702	6,938	11,692	1,317	13,009
FDD Storage capacity MSQ 3/	356,700	43,301	400,002	359,510	40,491	400,001	674,081	75,920	750,001
FDD Storage reservation (118657)	4,949	601	5,550	4,988	562	5,550	4,988	562	5,550
FDD Storage capacity MSQ 4/	285,370	34,630	320,000	287,615	32,385	320,000	287,615	32,385	320,000
ANR Capacity	0	0	0	0	0	0	0	0	0
Nexen PSO	0	0	0	0	0	0	0	0	0
Tenaska PSO	0	0	0	0	0	0	0	0	0
NGPL	0	0	0	0	0	0	0	0	0
SMS	20,226	2,454	22,680	20,385	2,295	22,680	20,385	2,295	22,680
SBA	0	0	0	0	0	0	0	0	0
Upstream Demand per Mo	0	0	0	0	0	0	0	0	0
Bison/NBPL (FT0003 & T8673F)	44,589	5,411	50,000	44,940	5,060	50,000	44,940	5,060	50,000
AECO Storage	0	665,043	665,043	0	666,223	666,223	0	666,223	666,223
1/ Cycled Volumes =	775,728	94,137	869,865	781,834	88,030	869,864	781,834	88,030	869,864
2/ Cycled Volumes =	0	0	0	0	0	0	35,952	4,048	40,000
3/ Cycled Volumes =	71,342	8,658	80,000	71,904	8,096	80,000	134,820	15,180	150,000
4/ Cycled Volumes =	57,074	6,926	64,000	57,523	6,477	64,000	57,523	6,477	64,000

* = See MERC Reply Comments and DOC Response Com
2/ chg contract num to 123781

From: lee.amber@dorsey.com
Sent: Wednesday, July 25, 2012 1:05 PM
To: Shah, Sachin (COMM)
Cc: GJWalters@minnesotaenergyresources.com
Subject: RE: Demand Entitlement change

Sachin, none of the information included in Shawn's email is trade secret.

Let me know if you need anything else.

Amber

Amber S. Lee

Senior Attorney

.....
P: 612.492.6874

From: Shah, Sachin (COMM) [<mailto:sachin.shah@state.mn.us>]
Sent: Wednesday, July 25, 2012 9:32 AM
To: 'Walters, Gregory J'
Cc: Lee, Amber; Ansay, Michael J; Medhaug, Susan (COMM)
Subject: RE: Demand Entitlement change

Hello Greg,

Thank you for providing the information below.

Sincerely, Sachin.

From: Walters, Gregory J [<mailto:GJWalters@minnesotaenergyresources.com>]
Sent: Wednesday, July 25, 2012 7:59 AM
To: Shah, Sachin (COMM)
Cc: 'lee.amber@dorsey.com'; Ansay, Michael J
Subject: FW: Demand Entitlement change

Sachin, here is Shawn's response on the reasonableness of the demand entitlement change request. Please feel free to contact me with any questions or concerns.

Greg

Greg Walters
Regulatory and Legislative Affairs Mgr
3460 NW Technology Drive
Rochester, MN 55901
GJWalters@minnesotaenergyresources.com
W-507-529-5100
C-507-254-9563
F-920-272-4006

From: Gillespie, Shawn L
Sent: Tuesday, July 24, 2012 6:18 PM
To: Walters, Gregory J
Cc: Huzzey, Kent E; Mill, Lori S; Gillespie, Shawn L; Mosnik, Ronald G

Subject: RE: Demand Entitlement change

- Northern Natural Gas (NNG) does not have any storage capacity available to acquire directly from them.
- MERC has acquired capacity annually from LS Power since MERC's inception, typically 300,000 – 400,000 Dth.
- LS Power did not need all of their storage and offered 900,000 Dth of capacity to MERC. Since NNG does not have capacity available, the only way to acquire additional storage from NNG is through a storage expansion at a price higher than NNG's current maximum tariff rates. MERC felt it was a good acquisition to acquire the capacity at NNG's current maximum tariff rates.
- MERC agreed to acquire the 900,000 Dth of capacity from LS Power, which is 500,000 Dth more than previous year.
- MERC utilizes storage for several reasons: 1) A ready source of gas, 2) To meet fluctuations in demand due to weather, 3) Act as a natural hedge, as storage gas is injected in the summer time, when natural gas prices are typically lower than winter prices, 4) Utilize additional storage gas when winter gas daily prices are higher than the storage weighted-average-cost-of-gas (WACOG), but assuring not getting out of storage guideline parameters
- MERC serves a very large and diverse customer base on NNG and the additional storage gives MERC more flexibility and better protection due to the changes in weather fluctuations that occur at the four weather stations MERC utilizes for forecasting on NNG: 1) Cloquet, 2) Minneapolis, 3) Rochester and 4) Worthington.
- As indicated above, storage is a natural hedge, because when gas is withdrawn, the cost of gas is known. Storage is part of MERC's hedging portfolio of 40% fixed price, 30% call options and 30% index priced gas.
- MERC's 40% fixed price strategy is comprised of storage and purchases of financial futures contracts. MERC's forecasted usage for the winter (November through March) of 2012/13 is approximately 20.4 Bcf. During that timeframe, MERC's portfolio plans to utilize 5,225,970 Dth, which is approximately 25.6% of the total winter requirements. The remaining 14.4% of requirements to equal the fixed price strategy of 40% will be comprised of financial futures purchases.
- If MERC would have acquired the typical 400,000 Dth from LS Power, approximately 23.0% of the hedge portfolio is hedged by storage. That means MERC would have had to purchase 17% from financial futures purchases.
- MERC believes the 25.6% of normal winter requirements covered by storage is prudent and reasonable.

From: Walters, Gregory J
Sent: Tuesday, July 24, 2012 3:32 PM
To: Gillespie, Shawn L
Subject: FW: Demand Entitlement change

Greg Walters
 Regulatory and Legislative Affairs Mgr
 3460 NW Technology Drive
 Rochester, MN 55901
GJWalters@minnesotaenergyresources.com
 W-507-529-5100
 C-507-254-9563
 F-920-272-4006

From: Shah, Sachin (COMM) [<mailto:sachin.shah@state.mn.us>]
Sent: Tuesday, July 24, 2012 3:31 PM
To: Walters, Gregory J
Cc: Ansay, Michael J; 'lee.amber@dorsey.com'; Medhaug, Susan (COMM)
Subject: RE: Demand Entitlement change

Hello Greg,

Thank you for letting me know. Greg just to recap, as I mentioned to you on the phone conversation, at a minimum, I am looking for detailed explanation(s) on the reasonableness of acquiring the new storage capacity and what criteria were used by the Company to evaluate their decision and reasonableness of acquiring the new annual storage capacity.

Thank you.

Sincerely,
Sachin Shah, Rates Analyst
Minnesota Dept of Commerce, Div of Energy Resources
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
P: 651-296-7540
Email: Sachin.Shah@state.mn.us

From: Walters, Gregory J [<mailto:GJWalters@minnesotaenergyresources.com>]
Sent: Tuesday, July 24, 2012 3:02 PM
To: Shah, Sachin (COMM)
Cc: Ansay, Michael J; 'lee.amber@dorsey.com'
Subject: Demand Entitlement change

Sachin, I spoke with Shawn today and he will be providing a write up as to the reasonableness of the change request. He said he would have it to me by end of business Thursday. I'll forward it to you as soon as I receive it.

Please feel free to contact me with any questions or concerns.

Thanks,

Greg

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CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. G011/M-12-558 and G007/M-12-559

Dated this 1st of August, 2012

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DGC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_12-558_12-558
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Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_12-558_12-558
Gregory	Walters	gjwalters@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW Rochester, MN 55901	Paper Service	No	OFF_SL_12-558_12-558

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Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_12-559_12-559
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Gregory	Walters	gjwalters@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW Rochester, MN 55901	Paper Service	No	OFF_SL_12-559_12-559