

**MINNESOTA ENERGY RESOURCES - PNG**

**RATE IMPACT OF THE PROPOSED DEMAND CHANGE**

NOVEMBER 1, 2008

NNG

All costs in \$/MMBtu	Last Rate Case G011/MR03-1372	Last Demand Change G011-M-06-Oct .06	Last Demand Change G011-M-07-Oct .07	Most Recent PGA Oct. 2008	Current Proposal Effective Nov.1,2008	Result of Proposed Change			
						Change from Last Rate Case	Change from Last Demand Change	Change from Last PGA	Change from Last PGA \$

1) General Service: Avg. Annual Use:	127		Mcf						
Commodity Cost	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	\$4.0713	(\$0.0096)	14.71%	\$0.8794
Demand Cost	\$0.7886	\$1.1097	\$1.1741	\$1.0903	\$0.9122	\$0.1236	(\$0.2619)	-16.33%	(\$0.1781)
Commodity Margin	\$1.2628	\$1.1771	\$1.1771	\$1.6263	\$0.3635	\$0.4492	0.00%	0.00%	\$0.0000
Total Cost of Gas	\$4.8387	\$7.4702	\$9.2194	\$8.6958	\$9.3971	\$4.5584	\$0.1777	8.06%	\$0.7013
Avg Annual Cost	\$614.51	\$948.72	\$1,170.86	\$1,104.37	\$1,193.43	\$578.92	\$22.57	8.06%	\$89.0651
Effect of proposed commodity change on average annual bills:									\$111.68
Effect of proposed demand change on average annual bills:									(\$22.62)

2) Small Vol. Interruptible: Avg. Annual Use:	4,948		Mcf						
Commodity Cost	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	\$4.0713	(\$0.0096)	14.71%	\$0.8794
Demand Cost	\$0.0000								
Commodity Margin	\$0.9000	\$0.9000	\$0.9000	\$1.2434	\$1.2434	\$0.3434	\$0.3434	0.00%	\$0.0000
Total Cost of Gas	\$3.6873	\$6.0834	\$7.7682	\$7.2226	\$8.1020	\$4.4147	\$0.3338	12.18%	\$0.8794
Avg Annual Cost	\$18,244.76	\$30,100.66	\$38,437.05	\$35,737.42	\$40,088.70	\$21,843.94	\$1,651.64	12.18%	\$4,351.2712
Effect of proposed commodity change on average annual bills:									\$4,351.27
Effect of proposed demand change on average annual bills:									\$0.00

3) Large Vol. Interruptible: Avg. Annual Use:	14,841		Mcf						
Commodity Cost	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	\$4.0713	(\$0.0096)	14.71%	\$0.8794
Demand Cost									
Commodity Margin	\$0.2600	\$0.2600	\$0.2600	\$0.3592	\$0.3592	\$0.0992	\$0.0992	0.00%	\$0.0000
Total Cost of Gas	\$3.0473	\$5.4434	\$7.1282	\$6.3384	\$7.2178	\$4.1705	\$0.0896	13.87%	\$0.8794
Avg Annual Cost	\$45,224.98	\$80,785.50	\$105,789.62	\$94,068.19	\$107,119.37	\$61,894.39	\$1,329.75	13.87%	\$13,051.1754
Effect of proposed commodity change on average annual bills:									\$13,051.18
Effect of proposed demand change on average annual bills:									\$0.00

4) Small Vol. Firm: Avg. Annual Use:	4,948		Mcf						
		25		Mcf					
Commodity Cost	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	\$4.0713	(\$0.0096)	14.71%	\$0.8794
Demand Cost	\$10.1223	\$12.9002	\$13.1430	\$12.0195	\$12.0195	\$1.8972	(\$1.1235)	0.00%	\$0.0000
Commodity Margin	\$0.9000	\$0.9000	\$0.9000	\$1.2434	\$1.2434	\$0.3434	\$0.3434	0.00%	\$0.0000
Demand Margin	\$1.5000	\$1.5000	\$1.5000	\$2.0724	\$2.0724	\$0.5724	\$0.5724	0.00%	\$0.0000
Total Cost of Gas	\$3.6873	\$6.0834	\$7.7682	\$7.2226	\$8.1020	\$4.4147	\$0.3338	12.18%	\$0.8794
Total Demand Cost	\$11.6223	\$14.4002	\$14.6430	\$14.0919	\$14.0919	\$2.4696	(\$0.5511)	0.00%	\$0.0000
Avg Annual Cost	\$18,535.32	\$30,460.67	\$38,803.13	\$36,089.72	\$40,440.99	\$21,905.68	\$1,637.86	12.06%	\$4,351.2712
Effect of proposed commodity change on average annual bills:									\$4,351.27
Effect of proposed demand change on average annual bills:									\$0.00

5) Large Vol. Firm: Avg. Annual Use:	14,841		Mcf						
		75		Mcf					
Commodity Cost	\$1.6138	\$5.1834	\$6.8682	\$5.9792	\$6.8586	\$5.2448	(\$0.0096)	14.71%	\$0.8794
Demand Cost	\$10.1223	\$12.9002	\$13.1430	\$12.0195	\$12.0195	\$1.8972	(\$1.1235)	0.00%	\$0.0000
Commodity Margin	\$1.8069	\$0.2600	\$0.2600	\$0.3592	\$0.3592	(\$1.4477)	\$0.0992	0.00%	\$0.0000
Demand Margin	\$1.2000	\$1.2000	\$1.2000	\$1.6579	\$1.6579	\$0.4579	\$0.4579	0.00%	\$0.0000
Total Cost of Gas	\$3.4207	\$5.4434	\$7.1282	\$6.3384	\$7.2178	\$3.7971	\$0.0896	13.87%	\$0.8794
Total Demand Cost	\$11.3223	\$14.1002	\$14.3430	\$13.6774	\$13.6774	\$2.3551	(\$0.6656)	0.00%	\$0.0000
Avg Annual Cost	\$51,615.78	\$81,843.01	\$106,865.34	\$95,094.00	\$108,145.17	\$18,846.93	\$1,279.83	13.72%	\$13,051.1754
Effect of proposed commodity change on average annual bills:									\$13,051.18
Effect of proposed demand change on average annual bills:									\$0.00

Note: Average Annual Average based on PNG Annual Automatic Adjustment Report in Docket No. E,G999/AA-05-1403

# MINNESOTA ENERGY RESOURCES - PNG

Attachment 11  
Rate Impacts  
NNG

1) General Service: Avg. Annual Use: 127 Mcf									
Recovery	Last Demand Change M-04-1766	Last Demand Change M-06-XXXX	Last Demand Change M-07-XXXX	Most Recent PGA Oct 1/08	Nov1/08 PGA w/ Proposed Demand Changes**	% Change From Last Rate Case	% Change From Last Demand Filing	% Change From Last PGA	\$ Change From Last PGA
Commodity Rate	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	146.07%	-0.14%	14.71%	\$0.8794
Demand Rate	\$0.7886	\$1.1097	\$1.1741	\$1.0903	\$0.9122	15.67%	-22.31%	-16.33%	(\$0.1781)
Margin	\$1.2628	\$1.1771	\$1.1771	\$1.6263	\$1.6263	28.79%	38.16%	0.00%	\$0.0000
Total Recovery	\$4.8387	\$7.4702	\$9.2194	\$8.6958	\$9.3971	94.21%	1.93%	8.06%	\$0.7013
Avg. Annual Bill*	\$614.51	\$948.72	\$1,170.86	\$1,104.37	\$1,193.43	94.21%	1.93%	8.06%	\$89.0651
Effect of proposed commodity change on average annual bills:									\$111.6838
Effect of proposed demand change on average annual bills:									(\$22.6187)
2) Small Volume Interruptible: Avg. Annual Use: 4,948 4,948 Mcf									
Recovery	Last Demand Change M-04-1766	Last Demand Change M-06-XXXX	Most Recent Change M-07-XXXX	Most Recent PGA Oct 1/08	Nov1/08 PGA w/ Proposed Demand Changes**	% Change From Last Rate Case	% Change From Last Demand Filing	% Change From Last PGA	\$ Change From Last PGA
Commodity Rate	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	146.07%	-0.14%	14.71%	\$0.8794
Demand Rate	\$0.9000	\$0.9000	\$0.9000	\$1.2434	\$1.2434	38.16%	38.16%	0.00%	\$0.0000
Margin	\$3.6873	\$6.0834	\$7.7682	\$7.2226	\$8.1020	119.73%	4.30%	12.18%	\$0.8794
Total Recovery	\$18,244.76	\$30,100.66	\$38,437.05	\$35,737.42	\$40,088.70	119.73%	4.30%	12.18%	\$4,351.2712
Avg. Annual Bill*	\$18,244.76	\$30,100.66	\$38,437.05	\$35,737.42	\$40,088.70	119.73%	4.30%	12.18%	\$4,351.2712
Effect of proposed commodity change on average annual bills:									\$4,351.2712
Effect of proposed demand change on average annual bills:									\$0.0000
3) Large Volume Interruptible: Avg. Annual Use: 14,841 14,841 Mcf									
Recovery	Last Demand Change M-04-1766	Last Demand Change M-06-XXXX	Most Recent Change M-07-XXXX	Most Recent PGA Oct 1/08	Nov1/08 PGA w/ Proposed Demand Changes**	% Change From Last Rate Case	% Change From Last Demand Filing	% Change From Last PGA	\$ Change From Last PGA
Commodity Rate	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	146.07%	-0.14%	14.71%	\$0.8794
Demand Rate	\$0.2600	\$0.2600	\$0.2600	\$0.3592	\$0.3592	38.15%	38.15%	0.00%	\$0.0000
Margin	\$3.0473	\$5.4434	\$7.1282	\$6.3384	\$7.2178	136.86%	1.26%	13.87%	\$0.8794
Total Recovery	\$45,224.98	\$80,785.50	\$105,789.62	\$94,068.19	\$107,119.37	136.86%	1.26%	13.87%	\$13,051.1754
Avg. Annual Bill*	\$45,224.98	\$80,785.50	\$105,789.62	\$94,068.19	\$107,119.37	136.86%	1.26%	13.87%	\$13,051.1754
Effect of proposed commodity change on average annual bills:									\$13,051.1754
Effect of proposed demand change on average annual bills:									\$0.0000
4) Small Volume Firm: Avg. Annual Use: 4,948 Mcf Avg. Annual CD Volumes: 25 Mcf									
Recovery	Last Demand Change M-04-1766	Last Demand Change M-06-XXXX	Most Recent PGA M-07-XXXX	Most Recent PGA Oct 1/08	Nov1/08 PGA w/ Proposed Demand Changes**	% Change From Last Rate Case	% Change From Last Demand Filing	% Change From Last PGA	\$ Change From Last PGA
Commodity Rate	\$2.7873	\$5.1834	\$6.8682	\$5.9792	\$6.8586	146.07%	-0.14%	14.71%	\$0.8794
Demand Rate	\$10.1223	\$12.9002	\$13.1430	\$12.0195	\$12.0195	18.74%	-8.55%	0.00%	\$0.0000
Comm. Margin	\$0.9000	\$0.9000	\$0.9000	\$1.2434	\$1.2434	38.16%	38.16%	0.00%	\$0.0000
SV Dem. Margin	\$1.5000	\$1.5000	\$1.5000	\$2.0724	\$2.0724	38.16%	38.16%	0.00%	\$0.0000
Total Commodity Cost	\$3.6873	\$6.0834	\$7.7682	\$7.2226	\$7.9425	115.40%	2.24%	9.97%	\$0.7199
Total Demand Cost	\$11.6223	\$14.4002	\$14.6430	\$14.0919	\$14.0919	21.25%	-3.76%	0.00%	\$0.0000
Avg. Annual Bill*	\$18,535.32	\$30,460.67	\$38,803.13	\$36,089.72	\$39,651.79	113.93%	2.19%	9.87%	\$3,562.0652
Effect of proposed commodity change on average annual bills:									\$4,351.2712
Effect of proposed demand change on average annual bills:									\$0.0000
5) Large Volume Firm: Avg. Annual Use: 14,841 Mcf Avg. Annual CD Units: 75 Mcf									
Recovery	Last Demand Change M-04-1766	Last Demand Change M-06-XXXX	Most Recent PGA M-07-XXXX	Most Recent PGA Oct 1/08	Nov1/08 PGA w/ Proposed Demand Changes**	% Change From Last Rate Case	% Change From Last Demand Filing	% Change From Last PGA	\$ Change From Last PGA
Commodity Rate	\$1.6138	\$5.1834	\$6.8682	\$5.9792	\$6.6991	315.11%	-2.46%	12.04%	\$0.7199
Demand Rate	\$10.1223	\$12.9002	\$13.1430	\$12.0195	\$12.0195	18.74%	-8.55%	0.00%	\$0.0000
Comm. Margin	\$1.8069	\$0.2600	\$0.2600	\$0.3592	\$0.3592	-80.12%	38.15%	0.00%	\$0.0000
LV Dem. Margin	\$1.2000	\$1.2000	\$1.2000	\$1.6579	\$1.6579	38.16%	38.16%	0.00%	\$0.0000
Total Commodity Cost	\$3.4207	\$5.4434	\$7.1282	\$6.3384	\$7.0583	106.34%	-0.98%	11.36%	\$0.7199
Total Demand Cost	\$11.3223	\$14.1002	\$14.3430	\$13.6774	\$13.6774	20.80%	-4.64%	0.00%	\$0.0000
Avg. Annual Bill*	\$51,615.78	\$81,843.01	\$106,865.34	\$95,094.00	\$105,778.04	104.93%	-1.02%	11.24%	\$10,684.0359
Effect of proposed commodity change on average annual bills:									\$10,684.0359
Effect of proposed demand change on average annual bills:									\$0.0000

\* Average Annual Bill amount does not include customer charges.

\*\* Commodity includes Upstream costs.

Customer Class	Commodity Change (\$/Mcf)	Commodity Change (Percent)	Commodity Change (Percent)	Demand Change (\$/Mcf)	Demand Change (Percent)	Total Change (\$/Mcf)	Total Change (Percent)
All Firm	\$0.8794	14.71%	87.94%	(\$0.1781)	-16.33%	0.7013	8.06%
Sm Vol Inter. Service	\$0.8794	14.71%	87.94%	\$0.0000	0.00%	0.8794	12.18%
Lrg Vol Inter. Service	\$0.8794	14.71%	87.94%	\$0.0000	0.00%	0.8794	13.87%
Sm Vol Joint Service	\$0.8794	14.71%	87.94%	\$0.0000	0.00%	0.7199	*** 9.97%
Lrg Vol Joint Service	\$0.7199	12.04%	71.99%	\$0.0000	0.00%	0.7199	*** 11.36%

\*\*\* Joint total change includes only commodity change since not all joint customers purchase CD units.