



414 Nicollet Mall
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September 9, 2013

—Via Electronic Filing—

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

RE: REPLY COMMENTS
CHANGES IN CONTRACT DEMAND ENTITLEMENTS
DOCKET NO. G002/M-13-663

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Reply to the Comments of the Minnesota Department of Commerce on our Petition for approval of changes in contract demand entitlements.

Xcel Energy appreciates the Department's review and provides additional information as requested. The Department request that we fully explain in our reply comments:

- whether the customer count figure for the 2012-2013 heating season presented in the current filing is correct;
- whether the Company has considered the use of a daily, regression based, design-day analysis and, if so, why it decided to maintain its current method of analysis. If Xcel has not considered the use of a daily analysis, the Company should provide a discussion of whether a daily analysis is feasible, and reasonable, to use for its gas system; and
- whether Xcel believes the current peak-day definition (coldest temperature in the past 20 years) is appropriate or whether maintaining the 1995-1996 heating season event as the planning objective, on a going-forward basis, is more appropriate.

Customer Count

Consistent with our past practice, we forecasted the 2012-2013 customer count. We have routinely used a forecast because we cannot specify the exact number of customers on our system during a peak day. Thus, we forecast customer count in the

design day calculation. We note this approach has been accepted by the Commission as part of prior contract demand entitlement filings.

The 2012-2013 customer count in Attachment 2, Page 2 is the number of firm customers used in the design day calculation for the given year. This column references footnote 2 which states it is a projection. Thus it is not the actual count updated from the previous year. This attachment shows how forecast design day and entitlements compare to actual peak day sendout by heating season.

Daily, Regression Based, Design-Day Analysis

The Company has not proposed the use of a daily design day analysis because it believes the current approach provides better results. As the Department points out, daily interruptible sales must be estimated because metering equipment does not measure gas flows at the class level. Errors between estimated and actual interruptible throughput could skew use per customer data and provide less than accurate regression results. Our current design day methodology does not require interruptible throughput to be estimated and produces regression results that are very robust with most R-squares over 95%. Given this, the current method is more reasonable than a daily design day analysis.

Peak-Day Definition

The Company currently utilizes a use per customer of 1.57393 Dth which was observed January 29, 2004. This metric has been used for at least the last eight years in design day planning and there are presently no plans to change at this point. The system design day total is the product of the use per customer and the total number of firm customers. Because the usage on January 29, 2004 is also the highest value in the past 20 years, the Company's current peak day definition or using the coldest day in the last 20 years yields the same result.

The Company also points out some clarifications to the Department's comments. On Page 8, the Department states "Xcel also proposed to decrease its contract for delivery at Chisago, MN by 3,812 Dth/day." We assume the Department is referring to Attachment 2, Schedule 1, Page 1 of 2. In this schedule, upstream capacity is listed as a negative number in order to show total system deliverable capacity on a design day. The Company actually increased upstream capacity at Chisago by 3,812 Dth/day to serve the areas of Brainerd, Hugo and St. Cloud, MN which is why the value is negative in the schedule. Also on Page 8 in Section C, the reserve margin of 47,639 Dth/day is for the entire Minnesota Company, not Minnesota as stated. The reserve margin for Minnesota is 42,390 Dth/day.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service lists.

Please contact me at (612) 330-7529 or paul.lehman@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

PAUL J LEHMAN
MANAGER, REGULATORY COMPLIANCE AND FILINGS

c: Service List

CERTIFICATE OF SERVICE

I, SaGonna Thompson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

Docket Nos. G002/M-13-663

Dated this 9th day of September 2013

/s/

SaGonna Thompson
Records Analyst

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