

September 23, 2014

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

RE: Letter of the Minnesota Department of Commerce, Division of Energy Resources
Docket Nos. G011/M-14-660 and G011/M-14-661

Dear Dr. Haar:

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides this *Letter* with regards to 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 (14-660) Purchased Gas Adjustment (PGA) and for its Consolidated PGA system (14-661), effective November 1, 2014.

The filings were submitted on August 1, 2014. The petitioner is:

Amber S. Lee
Minnesota Energy Resources Corporation
2665 145th Street West
Rosemount, MN 55068

In its *Petitions*, MERC states the following in part:

... The design day number is still in the process of being calculated and MERC will be filing revised NNG Design Day requirements in the November 1, 2014 filing¹.

... On NNG, there have been twelve (12) customers that switched from interruptible to firm service. The switching occurred between November 1, 2013 and July 1, 2014. MERC will project the impact of these customers on firm requirements by projecting their peak day volumes and provide this number in the November 1, 2014 filing.²

¹ 14-660 *Petition*, Section II.A.

² 14-660 *Petition*, Exhibit 1, Section H. Similar language can be found in the same section of the 14-661 *Petition*.

... The design day numbers are still in the process of being calculated and MERC will be filing revised Consolidated Design Day requirements in the November 1, 2014 filing. ... For the Demand Entitlement filing effective November 1, 2014 the total Design Day requirement for Consolidated-VGT is 17,402 Dth ... the total Design Day capacity for Consolidated-VGT is 17,091 Dth. The difference between the total Design Day requirement and total Design Day capacity results in a 1.79% negative reserve margin.³

... MERC chose to purchase 1,500 Dth firm capacity from December 2013 through February 2014 from [Viking Gas Transmission] pipeline. Once MERC has revised Design Day numbers this may change and will be revised in the November 1, 2014 filing.⁴

Utilities submit Demand Entitlement filings pursuant to Minnesota Rule 7825.2910. Minnesota Rule 7825.2910, subpart 2 states the following:

Subp. 2. Filing upon change in demand.

Gas utilities shall file for a change in demand to increase or decrease demand, to redistribute demand percentages among classes, or to exchange one form of demand for another. A filing must contain:

- A. a description of the factors contributing to the need for changing demand;
- B. the utility's design-day demand by customer class and the change in design-day demand, if any, necessitating the demand revision;
- C. a summary of the levels of winter versus summer usage for all customer classes; and
- D. a description of design-day gas supply from all sources under the new level, allocation, or form of demand.

³ 14-661 *Petition*, Section II.A.

⁴ 14-661 *Petition*, Exhibit 1, Section C.1.

The Department notes that as result of MERC's anticipated revisions and calculations, the Attachments and analysis contained in the *Petitions* are expected to be significantly revised. For example, MERC's reserve margins and rate impact analysis are likely to change. In addition, the Department requests MERC in its November 1, 2014 filing to provide clarification as to whether its purchase of 1,500 Dth of firm capacity, as noted above, is for the upcoming heating season or the previous heating season.

The Department concludes that analysis of the *Petitions* would be premature, considering the changes anticipated by MERC. Therefore, the Department requests that the Commission grant an extension to file *Comments* regarding MERC's Northern and Consolidated PGA systems to on or before December 1, 2014 due to the anticipated revisions by MERC.

Sincerely,

/s/ SACHIN SHAH
Rates Analyst

SS/lt

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
Letter**

Docket No. G011/M-14-660 and G011/M-14-661

Dated this 23rd day of September 2014

/s/Sharon Ferguson

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