office of energy security

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August 19, 2009

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

RE: **Response Comments of the Minnesota Office of Energy Security**
Docket No. G011/M-08-1331

Dear Dr. Haar:

On March 6, 2009, Minnesota Energy Resources Corporation-PNG (MERC-PNG or the Company) submitted its *Reply Comments* in response to the Minnesota Office of Energy Security's (OES) February 9, 2009 *Comments* related to MERC-PNG's Viking Gas Transmission Co. (Viking) Purchased Gas Adjustment (PGA) system demand entitlement filing. Based on its review, the OES concludes that a response to MERC-PNG's *Reply Comments* is necessary to establish a complete record in this matter. As such, the OES requests that the Minnesota Public Utilities Commission (Commission) accept these *Response Comments* to MERC-PNG's Viking PGA system *Reply Comments*.

Based on its review of MERC-PNG's *Reply Comments*, the OES recommends that the Commission:

- **approve** the Viking PGA system demand entitlement level without endorsing its design-day study analysis, subject to the Commission's pending decisions regarding the Contracted Demand (CD) units in Docket No. G011/M-07-1403;

- **approve** the PGA recovery of costs associated with the Company's proposed demand entitlement level effective November 1, 2008, subject to the Commission's pending decisions regarding the CD units in Docket No. G011/M-07-1403;

- **require** MERC-PNG to provide additional evidence supporting the estimative power of its design-day study in its next demand entitlement filing; and

- **require** MERC-PNG to provide in its future demand entitlement filings the individual PGA system specific number of joint customers (sales versus transportation) who elect to take firm service, and identify the associated interstate pipeline contracts and units of contracted demand from the Company for each month during the intervening twelve month period between filings.

The OES is available to answer any questions the Commission may have.

Sincerely,

/s/ SACHIN SHAH
Rates Analyst

SS/ja
Attachment

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

RESPONSE COMMENTS OF THE
MINNESOTA OFFICE OF ENERGY SECURITY

DOCKET NO. G011/M-08-1331

I. BACKGROUND

The following rounds of comments have been submitted to the Minnesota Public Utilities Commission (Commission) in Minnesota Energy Resources Corporation-PNG's (MERC, MERC-PNG or the Company) Viking Gas Transmission Co. (Viking) Purchased Gas Adjustment (PGA) 2008-2009 demand entitlement filing:

- November 3, 2008, MERC-PNG's initial *Petition*;
- November 5, 2008, MERC-PNG's *Supplement*;
- February 9, 2009, Minnesota Office of Energy Security's (OES) *Comments*;
- March 6, 2009, MERC-PNG's *Reply Comments*;
- March 30, 2009, MERC-PNG's *Clarification Letter*;
- August 12, 2009, MERC-PNG's *Replacement Attachments*; and
- August 19, 2009, OES's *Response Comments*.

In its March 6, 2009 *Reply Comments*, and March 30, 2009 *Clarification Letter*, MERC-PNG provided additional information and responded to concerns raised by the OES in its February 9, 2009 *Comments*. The OES requested additional information to allow the OES to assess the reasonableness of MERC-PNG's proposal.

On August 12, 2009, the Company submitted a complete Attachment 4 that replaces the original attachment filed in the Company's initial *Petition* and also provides information that was inadvertently excluded from MERC-PNG's November 5, 2008 *Supplement*. The Company states that it recently realized that when MERC-PNG had submitted the revised attachments in its November 5, 2008 *Supplement* (that included revisions to MERC-PNG's Attachment 4, page 1 of 2, and Attachment 7), the Company failed to submit revised Attachment 4, page 2 of 2, that included actual (rather than estimated) costs. The OES notes that the actual demand costs submitted on August 12, 2009 match the actual demand costs submitted in MERC-PNG's November 5, 2008 *Supplement* and as a result will not affect the OES's analysis regarding the Purchased Gas Adjustment (PGA) recovery proposal and OES Attachments 3 and 4 submitted in the OES's February 9, 2009 *Comments*.

The OES discusses the Company's responses below.

II. THE OES'S RESPONSE TO MERC-PNG'S MARCH 6, 2009 *REPLY COMMENTS* AND MARCH 30, 2009 *CLARIFICATION LETTER*

A. MERC'S EXPLANATION OF ITS DESIGN-DAY RESULTS FOR ITS PGA SYSTEMS AND THE COMPANY'S CALCULATION OF ITS 2007-2008 HEATING SEASON DESIGN-DAY REQUIREMENT USING ITS CURRENT DESIGN-DAY METHODOLOGY

In its February 9, 2009 *Comments*, the OES recommended that MERC-PNG re-calculate its design-day requirement for the 2007-2008 heating season using its current design-day methodology as this information would help confirm whether the Company's revised methodology ensured that its firm service was reliable.

In its *Reply Comments*, MERC-PNG states that when examining its new design-day methodology it is important to look at the total number of values estimated by its regression analysis and not just its firm throughput estimates. In support of this statement, the Company used its current design-day methodology to estimate total system throughput for the 2007-2008 heating season. When using its current methodology for the 2007-2008 heating season, MERC-PNG was able to produce total throughput estimates that are comparable to the same estimates for the 2008-2009 heating season.[1] In its initial *Petition*, MERC-PNG explained that the difference between its old design-day methodology and its current methodology was in its treatment of transport and interruptible sales volumes.

However, in an effort to respond to the OES's original questions, MERC-PNG states that the necessary data to estimate previous design-days with its current design-day analysis is unavailable and, as such, the Company is unable to address whey there were significant differences in the design-day changes between PGA systems, and fully compare the design-day estimates for both heating seasons. MERC-PNG produces a design-day estimate for the 2007-2008 heating season using its current design-day methodology; however, given the data issues expressed by the Company, there is not complete support in this docket for MERC-PNG's analysis. Ideally, MERC-PNG should initiate a new design-day methodology when the Company has the ability to test the new approach against previous results and weather conditions. Given

[1] These results are presented in the attachments in MERC-PNG's March 6, 2009 *Reply Comments*.

the large changes in design-day estimates, the OES is concerned that firm system performance may be hindered on a peak-day. However, the OES notes, as discussed both in our original *comments* in this docket, and below, that:

1) MERC-PNG's new method appears to have merit in terms of providing a more realistic estimate of use by interruptible customers on peak days;
2) According to the Company, MERC-PNG's Viking system appeared to perform adequately in the past year; and
3) OES agrees with MERC-PNG that it would be helpful to continue to talk about the Company's method, as discussed further below.

B. OES'S REQUEST FOR INFORMATION RELATED TO MERC-PNG'S CONTRACT DEMAND (CD) UNITS

In its February 9, 2009 *Comments*, the OES recommended that MERC-PNG identify separately, by service and interstate pipeline contracts, the amount of CD units included in the proposed design-day and peak-day entitlement levels along with the previous entitlement levels as shown in OES Attachments 1 and 2.

In its *Reply Comments,* MERC-PNG states that there are no CD units in the proposed design-day or in the contracts listed in OES Attachments 1 and 2. On March 30, 2009, MERC-PNG sent a *Clarification Letter* in reference to the Company's statement that there were no CD units in the proposed design-day and in the contracts listed in OES Attachments 1 and 2. In the *Clarification Letter*, MERC-PNG states that it does not separately contract for contracted demand by service or interstate pipeline contract. MERC-PNG then refers to its rate case testimony filed on the issue of CD units in Docket No. G007,011/GR-08-835 (08-835 Docket). The Company concludes that because of the historically small volume of firm contracted demand capacity, MERC-PNG serves firm contracted demand needs out of its reserve margin. As stated in the February 9, 2009 OES *Comments*, the issue of CD units is currently pending before the Commission in Docket No. G011/M-07-1403.

C. OES'S REQUEST FOR INFORMATION RELATED TO WHETHER THE COMPANY HAD SUFFICIENT CAPACITY AVAILABLE FOR FIRM CUSTOMERS DURING THE COLD SPELLS EXPERIENCED IN JANUARY AND FEBRUARY 2009

In its February 9, 2009 *Comments*, the OES noted that MERC-PNG's Viking service territory had no peak shaving ability or available storage, and, as such, the OES recommended that the Company provide information on whether the Company had sufficient capacity available for firm customers during the cold spells experienced in January and February 2009. In response, MERC-PNG provided the requested information and included a discussion of its system performance during the cold spell from January 12, through 15, 2009. In its *Reply Comments*, the Company states that during the coldest weather experienced during 2009, MERC-PNG had adequate nominated capacity to meet system requirements and that at no point during the heating season did the Company have to fully use its firm entitlement capacity.

Based on its review of the Company's table filed on March 6, 2009, the OES cannot fully substantiate MERC-PNG's system performance discussion. While examining the peak-day data provided in the table, the OES notes that on several occasions during January 2009 it appears that the Company's total system nominations were not sufficient to meet total system usage. Because this data contains both firm and interruptible customer information it is not possible to determine whether there were any difficulties serving firm customers. However, the OES notes that MERC-PNG states on page 4 of its *Reply Comments* that "MERC did not fully utilize all of its firm capacity on any of the days." Further, third-party nominated volumes make up a significant amount of total nominated volumes, which suggests that interruptible load was possibly available on the system. While there is never a guarantee that interruptible customers will be on the system at any given point in time and thus be available for interruptions, MERC-PNG should use interruptions of these customers to ensure that service to firm customers is reliable.

The specific concern was that on January 14, 2009 MERC had nomination volumes of 21,361 (excluding the third party nominations) and contracted firm capacity of 21,493 on a day when the HDDs were 86 or an average temperature of approximately -21°F. According to the Company's information it appears that on this day MERC's territory experienced a temperature warmer than the Commission's peak-day standard and MERC would have had a reserve margin of approximately 0.61 percent. Thus, it appears that the Company may not have had sufficient firm demand volumes to meet the needs of its firm customers if a peak-day had occurred. The OES notes that MERC used significantly more volumes than anticipated on days during the past heating season that had warmer temperatures than the Commission's peak-day standard. The OES is also concerned that the Company did not provide usage data that was specific to each of its PGA systems. Without these PGA system specific data, or at the minimum estimates, the OES is unable to determine whether the Company's Viking PGA system would have adequate firm entitlements on a Commission prescribed peak-day.

In MERC-PNG's companion docket for MERC-PNG's Northern Natural Gas (Northern) PGA system, Docket No.G011/M-08-1328, the Company was able to offer several options to serve firm load if needed next heating season. However, it is not clear whether such options would be available to serve MERC-PNG's Viking PGA system firm customers. The OES recommends that the Company be prepared to indicate to the Commission whether these tools could be used to serve MERC-PNG's Viking PGA system customers. Finally, the OES notes that MERC-PNG's change in its method to estimate peak use by interruptible customers implies that MERC-PNG would be able to make greater use of interruption, if needed, for reliability purposes for firm customers.

Based on the information in the table on page 4 of the Company's *Reply Comments*, and MERC-PNG's inability to fully compare its design-day estimates against previous heating seasons as discussed in Section II, Subsection A, the OES now recommends that the Commission approve MERC-PNG's demand entitlement level without endorsing its design-day study analysis. Although the OES believes that MERC-PNG's current design-day methodology has advantages over its previous estimation technique, the OES still has concerns about the design-day study's ability to estimate peak-day sendout and it recommends that the Commission require the Company to provide additional evidence supporting the estimative power of its design-day study in its next demand entitlement filing.

Further, to address concerns about MERC-PNG's ability to meet the needs of its firm customers on the Viking system, the OES recommends that the Company be prepared to indicate to the Commission all of the tools that could be used to serve firm customers on MERC-PNG's Viking PGA system.

D. OES REQUEST FOR INFORMATION AND RECONCILIATION RELATED TO MERC-PNG'S DAILY FIRM CAPACITY (DFC) CUSTOMER SELECTIONS

In its initial *Petition*, MERC-PNG stated that it used daily firm capacity (DFC) data from 59 customers in its firm peak-day calculations. In the 08-835 docket, in the Direct Testimony and Exhibits of Company Witness Gregory J. Walters, Exhibit GJW-1, Schedule 12, MERC-PNG showed approximately 24 joint sales customers in the test year and, as such, the OES recommended that MERC-PNG provide a reconciliation and explanation for the differences in the customer data in its *Reply Comments*. In its *Reply Comments*, MERC-PNG states that it believes the OES incorrectly interpreted Exhibit GJW-1, Schedule 12. The Company further states that Schedule 12 shows that there were five small volume joint (SJ-4) customers in addition to transportation customers that were not distinguished by pipeline at the time of MERC-PNG's rate case filing.

In its *Reply Comments*, MERC-PNG states that it currently has seven customers taking service off of the Viking pipeline; three are small volume joint (SJ-4) customers and four are small volume joint (SJ-4) transport customers. Further, MERC-PNG stated that it used the seven joint customers' data in the calculation of the firm peak-day estimates for MERC-PNG's Viking PGA system. MERC-PNG also states that the number of sales versus transport customers is not static, as customers may move from sales to transportation service and vice versa. The Company further states that MERC-PNG did not use the 59 customers' DFC data as these are joint customers on the entire MERC system, including both MERC-PNG and MERC-NMU. In its July 8, 2008 *Response Comments* in Docket No. G011/M-07-1403 (07-1403 Docket), the Company stated the following:

> To insure that firm customers are not negatively impacted by the purchase of excessive amounts of contracted demand capacity, each request for contracted demand capacity is reviewed by the company prior to approval. The purchase of contracted demand

> capacity not only give the joint customer access to firm gas supply but it also gives the joint customer access to firm distribution system service. If the Company does not have the capability to provide the joint customer with both firm supply service and firm distribution service, then the request for firm contracted demand capacity would be denied.

MERC-PNG has previously explained that it does not secure firm volumes specifically for these joint-rate customers and that historically volumes associated with joint-rate customers have been so low that the capacity needed to serve these customers has come out of the reserve margin (which is calculated for all firm customers). As noted above, on January 14, 2009, MERC-PNG experienced a temperature warmer than the Commission's peak-day standard, and it appeared that the Company may not have had sufficient firm demand volumes to meet the needs of its firm customers. Thus, while the 2008-2009 heating season is over, the OES recommends that the Commission require the Company to provide, in its future demand entitlement filings, the individual PGA system specific number of joint customers (sales versus transportation) who elect to take firm service, and identify the associated interstate pipeline contracts and units of contracted demand from the Company for each month during the intervening12-month period between filings.

In the OES's February 9, 2009 *Comments*, the OES recommended approval, subject to adequate clarification by MERC-PNG, of the Viking PGA system demand entitlement level, subject to the Commission's pending decisions regarding the CD units in Docket Nos. G011/M-07-1403 and G007,011/GR-08-835. The OES notes on June 29, 2009 that the Commission recently issued its *Findings of Fact, Conclusions of Law, and Order* in Docket No. G007,011/GR-08-835. At the time of these *Response Comments*, the Commission has not issued an *Order* in MERC-PNG's Viking PGA system 2007-2008 heating season demand entitlement filing, Docket No. G011/M-07-1403.

E. MERC-PNG'S FUTURE PGA AND DEMAND ENTITLEMENT FILINGS

In its February 9, 2009 *Comments*, the OES noted that MERC-PNG has been using the 2000 rate case volumes in its monthly PGA reports from at least September 2008 and prior periods.[2] In its *Comments*, the OES stated that it expected MERC-PNG, after the end of the general rate case in the 08-835 Docket, to comply with Minnesota Rules including Minnesota Rule 7825.2700, subpart 5, and Minnesota rule 7825.2400, subpart 3, in the Company's future PGA and demand entitlement filings. In response, MERC-PNG agreed to compute the demand adjustment using

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[2] On May 11, 2001, the Commission issued its *Order Modifying and Accepting Settlement* (May 11, 2001 Order) in Aquila Networks-NMU's and Aquila Networks-PNG's general rate case in Docket No. G007,011/GR-00-951. In its June 1, 2006 *Order Approving Sale Subject to Conditions*, (Docket No. G007,011/PA-05-1676) the Commission approved Aquila Inc.'s (Aquila) sales of its two divisions operating in Minnesota, Aquila Networks-PNG and Aquila Networks-NMU to Minnesota Energy Resources Corporation (MERC), a subsidiary of WPS Resources Corporation. MERC has two divisions: MERC-PNG and MERC-NMU.

the test-year demand volumes for three years after the end of the Company's general rate case test year (*i.e.*, for 2009 through 2011). After that time MERC-PNG agreed to compute the demand adjustment on the basis of the annual demand volume as defined in Minnesota Rule 7825.2400, subpart 3, in its future PGA and demand entitlement filings.

F. OES'S REQUEST FOR INFORMATION RELATED TO MERC-PNG'S PROPOSED CHANGES IN DEMAND TYPES

MERC-PNG indicated in its original *Petition* that it would decrease the Company's pending total design-day capacity (total entitlement) by 915 Mcf/day. In the OES's February 9, 2009 *Comments*, the OES itemized the decrease in total entitlement as follows:

- a decrease of 144 Mcf/day in FT-A 12 months (Viking);
- a decrease of 361 Mcf/day in TF12 months (NNG); and
- a decrease of 411 Mcf/day in TF5 months (NNG).

The Company did not provide detailed explanations in its filing to support the specific proposed demand changes; therefore, the OES recommended that MERC-PNG provide a detailed explanation for these changes in entitlement levels in its *Reply Comments*.

In response, MERC-PNG explained in greater detail how there was no decrease in Viking FT-A 12 month capacity and that the Company agreed with the OES that there was a 915 Mcf/day decrease in firm entitlement. As part of the Company's detailed explanation, MERC-PNG states that it decreased the total NNG TF 12 capacity by 505 Mcf/day and decreased NNG TF 5 capacity by 411 Mcf/day. In addition, MERC-PNG states that it allocated Viking contract AF0014, that has a capacity of 1,098 Mcf/day with a Chisago receipt, to MERC-PNG Viking and Viking contract RF0361, that has a capacity of 5,902 Mcf/day with a Chisago receipt, to MERC-NMU. The Chisago delivery point on NNG interconnects with Viking, which allows delivery into Viking. According to MERC-PNG, the NNG TF 12 and NNG TF 5 service on contracts 112486 and 112495, which total 7,000 Mcf/day capacity with a delivery point of Chisago, were allocated between MERC-PNG Viking PGA system and MERC-NMU based upon a prorated percentage of capacity that could be sourced at the NNG and Viking interconnect at Chisago. According to the Company, it decreased the capacity on MERC-PNG Viking and moved the capacity to MERC-NMU due to MERC-NMU having the need for the capacity. Based on the above detailed response, the OES appreciates MERC-PNG's clarification and, as a result, the OES does not have any further concerns related to MERC-PNG's proposed specific changes in entitlement levels. Attached is a revised copy of OES's original attachment 1 (referred herein as Attachment R-1) that incorporates the Company's clarification.

G. OES'S REQUEST FOR INFORMATION RELATED TO MERC-PNGS' DAILY WEATHER DATA ASSOCIATED WITH ITS ALL-TIME PEAK DAY

In its February 9, 2009 *Comments*, the OES recommended that MERC provide in the instant docket the daily weather data associated with its all-time Viking Peak day as the Company had agreed to do in its *Reply Comments* in Docket No. G011/M-07-1403 (*07-1403 Reply Comments*).

In its *Reply Comments*, MERC-PNG states that it uses the Fargo, North Dakota weather station for MERC-PNG Viking forecasting purposes and that the all-time peak adjusted heating degree days (HDDs) from 1970 through 2008 occurred on January 18, 1996 and that MERC used the 109 adjusted HDDs for the peak-day capacity requirement. In support of these statements, the Company provides a table containing the weather information for that day.

The OES had a concern with the above-mentioned weather data used by the Company. This concern is similar to the OES's concern stated in Docket No. G007/M-08-1329 for Minnesota Energy Resources Corporation-Northern Minnesota Utilities (MERC-NMU). Specifically, the OES has been concerned that the weather data for the Fargo weather station, which MERC-NMU used in the calculation of its design-day weather data, did not meet the Commission's prescribed peak-day weather standard of -25°F for 24 hours. As a result, the OES recommended that MERC-NMU provide a discussion of whether its peak-day weather assumptions are sufficient to meet the Commission's peak-day standard. In its *Reply Comments* in Docket No. G007/M-08-1329, MERC-NMU stated that Fargo was not the sole weather station used to determine its design-day weather coefficients. MERC-NMU further stated that it uses wind-adjusted HDDs, which produce weather results that are greater than the Commission's prescribed peak-day standard.

In the table found on page 6 of MERC-PNG's November 3, 2008 *Petition*, the OES notes that, although Fargo's weather station adjusted HDD value is greater than the Commission's prescribed peak-day weather standard, it is the only weather station that required the effects of wind to meet the Commission's standard.[3] The effect of wind chill on heating load is contingent on many different factors (*e.g.,* building age, tightness of construction) and, as such, wind-chill affected weather data may not produce the most accurate estimates of load on a Commission-prescribed peak-day.

The OES notes that the Commission Staff discussed the use of wind-adjusted HDDs to determine design-day estimates in the March 11, 2009 *Briefing Papers* in Docket No. G002/M-07-1142 for Greater Minnesota Gas.[4] In these *Briefing Papers*, Commission Staff expressed concern that wind chill does not necessarily affect heating load and that the use of wind-adjusted HDDs may produce design-day throughputs that may not be sufficient to meet firm peak-day needs. MERC-

[3] Without the wind adjustment, the HDDs at the Fargo weather station were 81, or 9 degrees less than the Commission's design-day standard.
[4] MERC-NMU, and its predecessor Aquila Networks-NMU have had Commission approval to use wind-adjusted HDD's since the early 1990s.

PNG has offered to meet with the OES regarding several aspects of MERC-PNG's methodology. The OES agrees that such a meeting would likely be helpful. The OES notes that Commission Staff may wish to attend the meeting as well.

H. MERC-PNG's PEAK-DAY DEMAND

In its original *Comments*, the OES noted that MERC-PNG's peak demand by customers may, or may not, be entirely related to weather and that it was important to understand the factors affecting peak demand to ensure that adequate, but not excessive, amounts of resources are available to meet customers' needs. Given that the proposed total entitlement per customer of 1.6451 Mcf/day is roughly 5.48 percent less than the all-time peak day sendout per design day of 1.7404 Mcf/day, and that the Viking system has no available storage or peak shaving ability, the OES requested that the Company provide any pertinent information regarding factors other than weather which affect the level of demand by customers on MERC-PNG's Viking PGA system.

In its *Reply Comments*, MERC-PNG states that it did not acquire the Minnesota natural gas operations of Aquila until July 1, 2006 and is therefore not able to specifically address why the all-time peak-day sendout of 1.7404 Mcf/day occurred during the 2005-2006 heating season. The Company further states that it believes that weather is the biggest factor contributing to the majority of MERC-PNG's firm customer load and that other factors that impact customer consumption patterns are based on economic and conservation reasons. While the level of demand may, or may not, be affected by the consumption choices of individual customers based on economic and conservation reasons, it is important that MERC-PNG have adequate resources available to meet peak-day demand. As stated in its original *comments*, the OES recommended that the issue of reliability be monitored going forward. In the Company's *Reply Comments*, MERC-PNG agreed to monitor the issue of reliability going forward and has stated that the Company would value the opportunity to meet with OES to discuss its peak day methodology. As discussed above, the OES agrees that such a meeting would likely be helpful and notes that Commission Staff may wish to attend as well.

III. OES RECOMMENDATIONS AND CONCLUSIONS

Based on its review of MERC-PNG's *Reply Comments*, the OES recommends that the Commission:

- approve MERC-PNG's Viking system demand entitlement level without endorsing its design-day study analysis subject to the Commission's decisions in the pending G007/M-07-1403 docket;
- approve the PGA recovery of costs associated with the Company's proposed demand entitlement level effective November 1, 2008, and subject to the Commission's pending decisions regarding the CD units in Docket No. G011/M-07-1403,

- require MERC-PNG to provide additional evidence supporting the estimative power of its design-day study in its next demand entitlement filing; and
- require MERC-PNG to provide in its future demand entitlement filings the individual PGA system specific number of joint customers (sales versus transportation) who elect to take firm service, and identify the associated interstate pipeline contracts and units of contracted demand from the Company for each moth during the intervening 12-month period between filings.

/ja

OES Attachment R-1
Details of MERC-PNG's Viking Area Demand Entitlements Historical and Current Proposal

2004-05 G011/M-04-1767	Quantity (Mcf)	
FT-A 12 months	4,120	2/
FT-A 12 months	1,098	
FT-A (5 month backhaul)	600	1/
NNG TF 12 mos. (backhaul)	1,098	1/
TF12 (NNG)	286	
TF5 (NNG)	314	
FT-D 12 months	2,000	
Total Demand Entitlement	7,818	
Total Viking Transportation	7,818	
Total Annual Transportation	7,504	
Total Seasonal Transport	314	
Percent Seasonal on Viking	4.0%	

2005-06 G011/M-05-1725	Quantity (Mcf)	
FT-A 12 months	4,088	2/
FT-A 12 months	1,098	
FT-A (5 month backhaul)	600	1/
NNG TF 12 mos. (backhaul)	1,098	1/
TF12 (NNG)	286	
TF5 (NNG)	614	
FT-D 12 months	2,000	
Total Demand Entitlement	8,086	
Total Viking Transportation	8,086	
Total Annual Transportation	7,472	
Total Seasonal Transport	614	
Percent Seasonal on Viking	7.6%	

2006-07 G011/M-06-1538	Quantity (Mcf)		Change in Quantity	
FT-A 12 months	3,488	2/	(600)	2/
FT-A 12 months	935		(163)	
FT-A (5 month backhaul)	1,277	1/	677	1/
NNG TF 12 mos. (backhaul)	1,098	1/	0	1/
TF12 (NNG)	373		87	
TF5 (NNG)	1,068		454	
FT-D 12 months	2,000		0	
FT-A 12 months	1,000		1,000	
Total Demand Entitlement	8,864		778	
Total Viking Transportation	7,864		(222)	
Total Annual Transportation	6,796		(676)	
Total Seasonal Transport	1,068		454	
Percent Seasonal on Viking	13.6%		6.0%	

2007-2008 G011/M-07-1403	Quantity (Mcf)		Change in Quantity
FT-A 12 months	3,488	2/	0
FT-A 12 months	316		(619)
FT-A (5 month backhaul)	1,277	1/	0
NNG TF 12 mos. (backhaul)	1,098	1/	0
TF12 (NNG)	713		340
TF5 (NNG)	985		(83)
FT-D 12 months	3,000		1,000
Total Demand Entitlement	8,502		(362)
Total Viking Transportation	8,502		638
Total Annual Transportation	7,517		721
Total Seasonal Transport	985		(83)
Percent Seasonal on Viking	11.6%		-2.0%

1/ The amount is excluded from the design day capacity since it is a backhaul to transport gas to Viking.
2/ Excludes CD units.

2007-2008* G011/M-07-1403	Quantity (Mcf)		Change in Quantity	
FT-A 12 months	3,527		39	
TF 12 (NNG)	316		(619)	
FT-A (5 month backhaul)	915	1/	(362)	1/
AF0014	1,098	1/	0	1/
TFX 12 (NNG)	793		420	
TF5 (NNG)	905		(163)	
FT-A 12 months	2,000		0	
FT-A 12 months	1,000		0	
Total Demand Entitlement	8,541		(323)	
Total Viking Transportation	8,541		677	
Total Annual Transportation	7,636		840	
Total Seasonal Transport	905		(163)	
Percent Seasonal on Viking	10.6%		-3.0%	

2008-2009 G011/M-08-1331	Quantity (Mcf)		Change in Quantity
FT-A 12 months	3,527		0
TF 12 (NNG)	172		(144)
FT-A (5 month backhaul)	0	1/	(915)
AF0014	1,098	1/	0
TFX 12 (NNG)	432		(361)
TF5 (NNG)	494		(411)
FT-A 12 months	2,000		0
FT-A 12 months	1,000		0
Total Demand Entitlement	7,625		(916)
Total Viking Transportation	7,625		(916)
Total Annual Transportation	7,131		(505)
Total Seasonal Transport	494		(411)
Percent Seasonal on Viking	6.5%		-4.1%

* **Reflects the OES recommendation to include the 39 units of FT-A service for joint customers and the correction to the OES' inadvertent error in calculating the TF12 (NNG) and TF5 (NNG) amounts.**

In Docket No. G011/M-06-1538, the FT-D 12 month service in the amount of 2,000 Mcf/day should have been changed to FT-A 12 month service. The FT-D service was cancelled as shown in Viking Gas Transmission Company's FERC Gas Tariff First Revised Volume No. 1, fourth Revised Sheet No. 15K superseding Sheet Nos. 15K through 15P, effective January 1, 2006. As a result, there should be no impact to the demand costs for firm customers since both the FT-A and FT-D interstate pipeline rates were equivalent.

In the Company's *07-1403 Petition*, Attachment 3 shows that the Company proposed the NNG-TFX 12 service going from the then current amount of 373 Mcf/day to 793 Mcf/day.
The OES mistakenly input the NNG-TFX 5 proposed amount of 713 Mcf/day. As a result the computations for the NNG-TFX 5 amounts were incorrect.
Instead of showing a proposed level of 985 Mcf/day for the TF5 (NNG) amount in the 07-1403 Docket, OES believes the correct amount should have been going from the then current amount of 1,068 Mcf/day to 905 Mcf/day for the TF5 (NNG) service.

In the Company's *07-1403 Petition*, Attachment 3 shows that the Company proposed the NNG-TF 12 service going from the then current amount of 935 Mcf/day to 316 Mcf/day.
In the Company's *08-1331 Petition (current)*, Attachment 3 shows that the Company proposed the NNG-TF 12 service going from the then current amount of 935 Mcf/day to 172 Mcf/day.
Based on the information contained in Table 2 of MERC's June 15, 2007 *Reply Comments* in Docket No. G011/M-06-1538 and the Table on page 8 of the Company's March 6, 2009 *Reply Comments* in Docket No. G011/M-08-1331, the OES believes MERC inadvertently transposed the NNG contract numbers on Attachment 3 of its initial November 3, 2008 Petition.
Looking back at the 06-1538 Docket and forward, MERC has classified the NNG TF 12 and TF 5 Chisago contracts consistently. The OES inadvertently designated the proposed change in the NNG TF 12 (contract 112486) as FT-A-12 month changes.

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, 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 Office of Energy Security
Response Comments

Docket No. G011/M-08-1331

Dated this **18th** day of **August**, **2009**

/s/Sharon Ferguson

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