

August 10, 2015

Daniel P. Wolf  
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 No. G011/M-15-724

Dear Mr. Wolf:

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides this *Letter* with regards to the following matter:

Request (*Petition*) 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) Albert Lea (ABL) Transmission System (15-724) Purchased Gas Adjustment (PGA), effective November 1, 2015.

The filing was submitted on July 31, 2015. The petitioner is:

Amber S. Lee  
Minnesota Energy Resources Corporation  
1995 Rahncliff Court, Suite 200  
Eagan, MN 55122

In its *Petition*, MERC stated the following in part: <sup>1</sup>

MERC is using what IPL filed in the 2014-2015 Demand Entitlement filing. MERC is in the process of performing design day analysis and will [provide an] update in the November 1, 2015 filing.

...

As shown in Table 1, MERC's proposed system wide reserve margin, Zone EF for the 2015-2016 heating season is positive.

For the Demand Entitlement filing effective November 1, 2015, the total Design Day requirement for Northern Natural Gas (NNG), is 12,915 Dth as calculated in Attachment 5 and

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<sup>1</sup> 15-724 *Petition*, Section II.A.

Attachment 7 under the NNG ABL Entitlement Allocation. As previously stated MERC is in the process of performing design day analysis and will [provide an] update in the November 1, 2015 filing.

For the Demand Entitlement filing effective November 1, 2015, the total Design Day capacity on Northern Natural Gas (NNG), is 14,190 Dth<sup>2</sup> as calculated in Attachment 5 and Attachment 7 under the NNG Entitlement Allocation. The difference between the total Design Day requirement and total Design Day capacity results in a 9.87% positive reserve margin. As previously stated, MERC is in the process of performing design day analysis and will update the analysis in the November 1, 2015 filing.

On February 4, 2014, Interstate Power and Light Company (IPL) and MERC (together, the Joint Petitioners) filed a joint petition for approval of the sale of IPL's Minnesota natural gas distribution system and assets, and the transfer of its Minnesota service rights and obligations, to MERC in Docket No. G001, G011/PA-14-107 (14-107 Docket). On December 8, 2014 the Commission issued its *Order Approving Sale Subject To Conditions*. In Ordering point 4, the Commission stated:

MERC shall continue to maintain the IPL purchased gas adjustment for transitioned IPL ratepayers until MERC's next rate case and, at that time, MERC shall reconcile the two fuel supply systems into one.

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;

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<sup>2</sup> The Department notes that in Alliant Energy - Interstate Power and Light's (IPL) *Petition* of July 1, 2014 and the Department's *Comments* dated July 31, 2014 in Docket No. G001/M-14-560, the total entitlements shown are 14,219 Dekatherms' (Dth).

- 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.

The Department notes that as result of MERC's anticipated revisions and calculations, the Attachments and analysis contained in the *Petition* are expected to be revised. For example, MERC's reserve margins and rate impact analysis are likely to change.

The Department concludes that analysis of the *Petition* would be premature, considering the changes anticipated by MERC. Therefore, the Department requests that the Commission grant an initial extension to file *Comments* regarding MERC's Northern ABL PGA system to on or before December 1, 2015 due to the anticipated revisions by MERC.

Sincerely,

/s/ SACHIN SHAH  
Rates Analyst

/s/ MICHELLE ST. PIERRE  
Financial Analyst

SS/MS/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-15-724**

**Dated this 10<sup>th</sup> day of August 2015**

**/s/Sharon Ferguson**

| First Name | Last Name | Email                         | Company Name                                | Address   | Delivery Method            | View Trade Secret | Service List Name      |
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| Michael    | Ahern     | ahern.michael@dorsey.com      | Dorsey & Whitney, LLP                       | 50 S 6th St Ste 1500<br><br>Minneapolis,<br>MN<br>554021498   | Electronic Service         | No                | OFF_SL_15-724_M-15-724 |
| Julia      | Anderson  | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC          | 1800 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012134                                    | Electronic Service         | Yes               | OFF_SL_15-724_M-15-724 |
| Michael    | Bradley   | mike.bradley@lawmoss.com      | Moss & Barnett                              | 150 S. 5th Street, #1200<br><br>Minneapolis,<br>MN<br>55402   | Electronic Service         | No                | OFF_SL_15-724_M-15-724 |
| Leigh      | Currie    | lcurrie@mncenter.org          | Minnesota Center for Environmental Advocacy | 26 E. Exchange St., Suite 206<br><br>St. Paul,<br>Minnesota<br>55101                                  | Electronic Service         | No                | OFF_SL_15-724_M-15-724 |
| Seth       | DeMerritt | ssdemerritt@integrysgroup.com | MERC (Holding)                              | 700 North Adams<br>P.O. Box 19001<br>Green Bay,<br>WI<br>543079001                                    | Electronic Service         | No                | OFF_SL_15-724_M-15-724 |
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| Daniel P   | Wolf       | dan.wolf@state.mn.us               | Public Utilities Commission            | 121 7th Place East<br>Suite 350<br>St. Paul,<br>MN<br>551012147           | Electronic Service | Yes               | OFF_SL_15-724_M-15-724 |