

December 16, 2013

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

RE: **Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G001/M-13-579

Dear Dr. Haar:

Attached are the *Supplemental Comments* of the Minnesota Department of Commerce, Division of Energy Resources (DOC or Department) to Interstate Power and Light Company's (Interstate or Company) *Supplemental Filing* in the following matter:

A Request by Interstate Power and Light Company for Approval by the Minnesota Public Utilities Commission (Commission) of a Change in Demand Entitlement Units Effective November 1, 2013.

The *Supplemental Filing* was submitted on October 31, 2013 by:

Kent Ragsdale
Managing Attorney—Regulatory
Interstate Power and Light Company
Alliant Tower
200 First Street, SE
PO Box 351
Cedar Rapids, IA 52406-0351

To ensure that the record is complete in this docket, the Department provides the following response to Interstate's October 31, 2013 *Supplemental Filing*. The Department recommends that the Commission accept the Company's peak-day analysis, accept Interstate's proposed level of demand entitlement, and allow Interstate to recover associated demand costs through the monthly Purchased Gas Adjustment (PGA) effective November 1, 2013. The Department also recommends that Interstate provide additional information in future demand entitlement filings.

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

Sincerely,

/s/ ADAM J. HEINEN
Rates Analyst
651-539-1825

AJH/sm
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

SUPPLEMENTAL COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. G001/M-13-579

I. BACKGROUND

On July 1, 2013, Interstate Power and Light Company (Interstate or Company) submitted to the Minnesota Public Utilities Commission (Commission) its annual demand entitlement filing (*Petition*) for the 2013-2014 heating season. On August 23, 2013, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed *Comments* in response to the Company's *Petition*. In its *Comments*, the Department supported the Company's *Petition* and recommended that the Commission approve the Company's cost recovery and demand entitlement levels.

On October 31, 2013, Interstate filed its *Supplemental Filing* which shows the final demand entitlement volumes and costs that will be charged to ratepayers. The Department responds to this *Supplemental Filing* below.

II. THE DEPARTMENT'S RESPONSE TO INTERSTATE'S SUPPLEMENTAL FILING

In its *Supplemental Filing*, the Company provided updated schedules incorporating the changes in several contracts since the July 1, 2013 initial demand entitlement filing. The changes discussed in Interstate's *Supplemental Filing* do not impact the total proposed entitlement level but do impact the costs that would be charged to ratepayers. The final costs proposed by the Company include its final Northern Natural Gas (Northern) TF-12 Base (TF-12B) and TF-12 Variable (TF-12V) allocation of cost, minor changes to Firm Demand Delivery (FDD) service costs, and minor changes to System Management Service (SMS) costs.

In terms of demand entitlement contracts needed for service on a peak day, the only changes made in the Company's *Supplemental Filing* relate to the TF-12B/TF-12V split. This is an annual allocation that is declared by Northern, but the final split between base and variable volumes was not available to Interstate when it made its original filing. The Company proposed the following changes from the initial filing.

Table 1: Changes in Demand Entitlement Volumes Between Initial Filing and Supplemental Comments	
Contract	Increase/(Decrease) Dekatherms
TF-12 Base	(1,984)
TF-12 Variable	1,984

These proposed changes only impact the volumes to each contract and do not impact the total entitlement level and design-day deliverability.

Interstate also made minor changes to the proposed volumes associated with contracts that are not related to design-day deliverability but do impact demand cost. Specifically, Interstate made minor adjustments to its FDD service and SMS service due to a small change in contracted demand at its Stacyville, Iowa Town Border Station (TBS). Interstate allocates a small portion of its demand to Iowa ratepayers because the Stacyville TBS is included in the Company's Minnesota zone for one of its Northern contracts. The Department concludes that this adjustment appears reasonable. The minor changes to these non-design-day deliverable contracts are as follows.

Table 2: Changes in Non-Design-Day Deliverable Volumes Between Initial Filing and Supplemental Filing	
Contract	Increase/(Decrease) Dekatherms
FDD Reservation	24
FDD Capacity	280
SMS	6

The demand entitlement amounts listed in DOC Attachment S-1 represent the demand entitlements for which the Company's firm customers would pay. In its *Supplemental Filing*, Interstate compared its proposed November 2013 Purchased Gas Adjustment (PGA) changes to its October 2013 PGA as a means of highlighting its changes.¹ The Company's demand entitlement proposal would result in the following annual rate impacts:

- Annual bill increase of \$3.11, or approximately 2.65 percent, for the average General Service customer consuming 95 Mcf annually; and
- No change in costs for interruptible and transportation customers.

¹ Interstate Supplemental Attachment A, Page 6 of 8. The change in demand cost shown in this attachment is also the change in cost between the initial filing and the *Supplemental Filing*. This is consistent because Interstate did not propose changes in entitlements in its initial filing.

The increase in demand costs proposed by Interstate appears reasonable. Based on its analysis, the Department recommends that the Commission allow the recovery of demand costs associated with Interstate's proposed demand entitlement levels effective November 1, 2013.

III. THE DEPARTMENT'S RECOMMENDATIONS

The Department recommends that the Commission:

- Approve Interstate's proposed level of demand entitlements as proposed in its *Supplemental Filing*; and
- Allow Interstate to recover associated demand costs through the monthly Purchased Gas Adjustment effective November 1, 2013.

The Department also continues to recommend that Interstate provide the following in future demand entitlement filings:

- An attachment listing all interruptible sales customers who switched between the interruptible sales class to either transportation or firm sales service, and vice versa, and the average annual usage by each customer over the previous three calendar years; and
- Hourly raw weather data, in Microsoft Excel and Access format, used to create the weather variables in the Company's design-day analysis.

/sm

Minnesota Department of Commerce, Division of Energy Resources
 Interstate's Minnesota System Demand Entitlements: Historical and Current Proposal
 Docket No. G001/M-13-579
 DOC Attachment S-1

Interstate Power and Light (Gas Utility) Proposed Entitlements

2009-2010 Heating Season G001/M-09-1264		2010-2011 Heating Season G001/M-10-1155		2011-2012 Heating Season G001/M-11-1066		2012-2013 Heating Season- Revised G001/M-12-737		2013-2014 Heating Season- Revised G001/M-13-579	
TF-12 Base	4,286 (92)	4,020 (246)	4,234 (214)	3,377 (857)	6,038 (1,411)	6,038 (1,411)	3,377 (857)	1,393 (1,984)	1,393 (1,984)
TF-12 Variable	7,248 92	7,494 246	7,447 (47)	7,447 (47)	4,006 (1,003)	4,006 (1,003)	4,006 (1,003)	8,020 1,984	8,020 1,984
TF-5	5,176 0	5,176 0	5,009 (167)	5,009 (167)	800 0	800 0	800 0	4,006 0	4,006 0
TFX	800 0	800 0	800 0	800 0	0 0	0 0	0 0	800 0	800 0
LP Peak Shaving	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
FDD	5,984 0	5,984 0	5,984 0	5,984 0	5,984 0	5,984 0	5,984 0	6,008 24	6,008 24
FDD - Capacity	66,992 0	66,992 0	66,992 0	66,992 0	66,992 0	66,992 0	66,992 0	66,272 280	66,272 280
TFE	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
SMS	1,676 0	1,676 0	1,676 0	1,676 0	1,676 0	1,676 0	1,676 0	1,662 6	1,662 6
SBA	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Total Design-Day Capacity	17,490 0	17,490 0	17,490 0	17,490 0	17,490 0	17,490 0	17,490 0	14,219 0	14,219 0
Total Transportation	17,490 0	17,490 0	17,490 0	17,490 0	17,490 0	17,490 0	17,490 0	14,219 0	14,219 0
Total Peak Shaving Capacity	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Total Annual Transportation	11,514 0	11,514 0	11,514 0	11,514 0	11,514 0	11,514 0	11,514 0	9,413 0	9,413 0
Total Season Transportation	5,976 0	5,976 0	5,809 (167)	5,809 (167)	5,809 (167)	5,809 (167)	5,809 (167)	4,806 0	4,806 0
Peak Shaving as % of Total Capacity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Annual Transportation as % of Capacity	65.8%	65.8%	66.8%	66.8%	66.8%	66.8%	66.8%	66.2%	66.2%
Seasonal Transportation as % of Capacity	34.2%	34.2%	33.2%	33.2%	33.2%	33.2%	33.2%	33.8%	33.8%
Seasonal Transportation as % of Total Transportation	34.2%	34.2%	33.2%	33.2%	33.2%	33.2%	33.2%	33.8%	33.8%

Note: Only items in bold (transportation services and peak shaving capacity) affect the total entitlement level.

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
Supplemental Comments**

Docket No. G001/M-13-579

Dated this 17th day of **December, 2013**

/s/Sharon Ferguson

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