

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

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_14-660_M-14-660
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-660_M-14-660
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-660_M-14-660
Seth	DeMerritt	ssdemerritt@integrysgroup.com	Integrays Business Support	700 North Adams P.O. Box 19001 Green Bay, WI 543079001	Electronic Service	No	OFF_SL_14-660_M-14-660
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, 1400 BRM Tower St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_14-660_M-14-660
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_14-660_M-14-660
Daryll	Fuentes	N/A	USG	550 W. Adams Street Chicago, IL 60661	Paper Service	No	OFF_SL_14-660_M-14-660
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_14-660_M-14-660
Robert	Harding	robert.harding@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_14-660_M-14-660
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	Electronic Service	No	OFF_SL_14-660_M-14-660

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Harry W	John	HWJohn@integrysgroup.com	MERC, Integrys	700 North Adams PO Box 19001 Green Bay, WI 54307-9001	Electronic Service	No	OFF_SL_14-660_M-14-660
David G.	Kult	dgkult@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th St. NW Rosemount, MN 55068	Electronic Service	No	OFF_SL_14-660_M-14-660
David	Kyto	djkyto@integrysgroup.com	Integrys Business Support	700 North Adams PO Box 19001 Green Bay, WI 543079001	Electronic Service	No	OFF_SL_14-660_M-14-660
Amber	Lee	ASLee@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	2665 145th Street West Rosemount, MN 55068	Electronic Service	No	OFF_SL_14-660_M-14-660
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_14-660_M-14-660
Eric	Lipman	eric.lipman@state.mn.us	Office of Administrative Hearings	PO Box 64620 St. Paul, MN 551640620	Electronic Service	Yes	OFF_SL_14-660_M-14-660
Peter	Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_14-660_M-14-660
Chad T	Marriott	ctmarriott@stoel.com	Stoel Rives LLP	900 SW 5th Ave Ste 2600 Portland, OR 97204	Electronic Service	No	OFF_SL_14-660_M-14-660
Brian	Meloy	brian.meloy@stinsonleonard.com	Stinson, Leonard, Street LLP	150 S 5th St Ste 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-660_M-14-660
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-660_M-14-660

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Barbara	Nick	banick@integrysgroup.com	Minnesota Energy Resources Corporation	2665 145th Street PO Box 455 Rosemount, MN 55068-0455	Electronic Service	No	OFF_SL_14-660_M-14-660
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_14-660_M-14-660
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	Ste 122 9100 W Bloomington Frwy Bloomington, MN 55431	Electronic Service	Yes	OFF_SL_14-660_M-14-660
Kristin	Stastny	stastny.kristin@dorsey.com	Dorsey & Whitney LLP	50 South 6th Street Suite 1500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-660_M-14-660
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_14-660_M-14-660
Gregory	Walters	gjwalters@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW Rochester, MN 55901	Electronic Service	No	OFF_SL_14-660_M-14-660
James P.	Zakoura	Jim@smizak-law.com	Smithyman & Zakoura Chartered	750 Commerce Plaza II 7400 West 110th Street Overland Park, KS 662102362	Electronic Service	No	OFF_SL_14-660_M-14-660

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Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_14-661_M-14-661
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-661_M-14-661
Michael	Bradley	mike.bradley@lawmoss.com	Moss & Barnett	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-661_M-14-661
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