DORSEY
DORSEY & WHITNEY LLP

MICHAEL J. AHERN
(612) 340-2881
FAX (612) 340-2643
ahern.michael@dorsey.com

November 3, 2008

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

PUBLIC DOCUMENT – TRADE SECRET DATA HAS BEEN EXCISED

Re: In the Matter of the Petition of Minnesota Energy Resources Corporation – PNG for Approval of a Change in Demand Entitlement for its Viking Gas Transmission System; Docket No. _____

Dear Dr. Haar:

In accordance with Minnesota Rule 7825.2910, subpart 2, please find the public and nonpublic versions of Minnesota Energy Resources Corporation's (MERC) request to change demand entitlement. In particular, MERC proposes to change demand levels by type on the Viking Gas Transmission (VGT) system for customers served by MERC-PNG effective November 1, 2008.

Please note that page 16 of the Petition and Attachments 5 and 9 contain financial information with independent economic value that is not generally known to, and not readily ascertainable by, competitors of MERC, who could obtain economic value from its disclosure. MERC maintains this information as secret. Accordingly this data qualifies as trade secret data as defined in Minn. Stat. § 13.37, subd. 1(b), and MERC requests that the data be treated as trade secret information.

In accordance with Minnesota Rule 7825.2910, subpart 3, a Notice of Availability has been sent to all intervenors in Aquila Networks-PNG's previous two rate cases.

Please feel free to contact me at (612) 340-2881 if you have any questions regarding this matter.

Sincerely yours,

Michael J. Ahern

Enclosures
cc: Service List

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Petition of Minnesota Energy Resources Corporation – PNG for Approval of a Change in Demand Entitlement for its Viking Gas Transmission System	))))	Docket No. _____

FILING UPON CHANGE IN DEMAND

Pursuant to Minnesota Rule 7825.2910, subpart 2 (Filing Upon Change in Demand), Minnesota Energy Resources Corporation - PNG (MERC or the Company), hereby petitions the Minnesota Public Utilities Commission (Commission) for approval of changes in demand entitlements for MERC's Minnesota customers served off of the Viking Gas Transmission Company (VGT or Viking) system. MERC requests that the Commission approve the requested changes to be recovered in the Purchased Gas Adjustment (PGA) effective on November 1, 2008.

This filing includes the following attachments:

Attachment 1:	Notice of Availability.
Attachment 2:	One paragraph summary of the filing in accordance with Minn. R. 7829.1300, subp. 1.
Attachment 3:	Petition for Change in Demand with Attachments.

Attachment 4: Affidavit of Service and Service List.

The following information is provided in accordance with Minn. R. 7829.1300:

1. Summary of Filing

Pursuant to Minn. R. 7829.1300, subp. 1, a one-paragraph summary of the filing is attached.

2. Service

Pursuant to Minn. R. 7829.1300, subp. 2, MERC has served a copy of this filing on the Department of Commerce and the Office of the Attorney General – Residential Utilities Division. The summary of the filing has been served on all parties on the attached service list. Additionally, pursuant to Minn. R. 7825.2910, subp. 3, a Notice of Availability has been sent to all intervenors in Aquila Networks – PNG's previous two rate cases.

3. General Filing Information

A. Name, Address, and Telephone Number of the Utility

Minnesota Energy Resources Corporation
2665 145th Street West
Box 455
Rosemount, MN 55068-0455
(651) 322-8901

B. Name, Address, and Telephone Number of Attorney for the Utility

Michael J. Ahern
Dorsey & Whitney LLP
50 S. Sixth Street, Suite 1500
Minneapolis, MN 55402-1498
(612) 340-2881

C. Date of the Filing and Proposed Effective Date

Date of filing: November 3, 2008
Proposed Effective Date: November 1, 2008

D. Statute Controlling Schedule for Processing the Filing

Minnesota Statutes and related rules do not provide an explicit time frame for action by the Commission.

E. Utility Employee Responsible for the Filing

Gregory J. Walters
519 First Avenue SW
P.O. Box 6538
Rochester, MN 55903-6538
(507) 529-5100

If additional information is required, please contact Michael J. Ahern at: (612) 340-2881.

DATED: November 3, 2008

Respectfully Submitted,

DORSEY & WHITNEY LLP

By _____
Michael J. Ahern
Suite 1500, 50 South Sixth Street
Minneapolis, MN 55402-1498
Telephone: (612) 340-2600

Attorney for Minnesota Energy Resources Corporation

November 3, 2008

All Intervenors

Notice of Availability

Please take notice that Minnesota Energy Resources Corporation-PNG has filed a petition with the Minnesota Public Utilities Commission for approval of a change in demand entitlements.

To obtain copies, or if you have any questions, please contact:

Gregory J. Walters
Minnesota Energy Resources Corporation
519 1st Ave SW
Rochester, MN 55902
507-529-5100.

Please note that this filing is also available through the eDockets system maintained by the Minnesota Department of Commerce and the Minnesota Public Utilities Commission. You can access this document by going to eDockets through the websites of the Department of Commerce or the Public Utilities Commission or going to the eDockets homepage at:

https://www.edockets.state.mn.us/EFiling/home.jsp

Once on the eDockets homepage, this document can be accessed through the Search Documents link and by entering the date of the filing.

STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Petition of Minnesota Energy Resources Corporation – PNG for Approval of a Change in Demand Entitlement for its Viking Gas Transmission System	))))	Docket No. _____

SUMMARY OF FILING

Pursuant to Minnesota Rule 7825.2910, subpart 2 (Filing Upon Change in Demand), Minnesota Energy Resources Corporation - PNG (MERC or the Company), hereby petitions the Minnesota Public Utilities Commission (Commission) for approval of changes in demand entitlements for MERC's Minnesota customers served off of the Viking Gas Transmission Company (VGT or Viking) system. MERC requests that the Commission approve the requested changes to be recovered in the Purchased Gas Adjustment (PGA) effective on November 1, 2008.

PUBLIC DOCUMENT – TRADE SECRET DATA EXCISED

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

David C. Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis A. Reha	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Petition of Minnesota Energy Resources Corporation – PNG For Approval of a Change in Demand Entitlement	FILING UPON CHANGE IN DEMAND DOCKET NO._____

PETITION FOR CHANGE IN DEMAND

I. INTRODUCTION

Pursuant to Minnesota Rule 7825.2910, subpart 2 (Filing Upon Change in Demand), Minnesota Energy Resources Corporation - PNG (MERC or the Company), a division of Integrys Energy Group, Inc. (TEG), hereby petitions the Minnesota Public Utilities Commission (Commission) for approval of changes in demand entitlements for MERC's Minnesota customers served off of the Viking Gas Transmission (VGT or Viking) system. MERC requests that the Commission approve the requested changes to be recovered in the Purchased Gas Adjustment (PGA) effective on November 1, 2008.

II. DISCUSSION

A. MERC's PNG-VGT Design Day Requirements

MERC's 2008-2009 PNG-VGT design day requirements decreased 715 Mcf (or approximately 8.79 percent) from 8,135 Mcf to 7,420 Mcf.

Table 1: MERC's Proposed Reserve Margins
For the 2008-2009 Heating Season
VGT PNG

	Reserve Margin 2008-2009 Heating Season	Reserve Margin 2007-2008 Heating Season	Change
VGT-PNG	9.74%	2.76%	-6.18%

As shown in Table 1 and Attachment 3, MERC's proposed system wide reserve margin for PNG-VGT for the 2008-2009 heating season is positive.

For the Demand Entitlement filing effective November 1, 2008, the total Design Day requirement for Viking Gas Transmission (VGT), is 7,420 Dth as calculated in Attachment 1, Page 2 and Attachment 3.

For the Demand Entitlement filing effective November 1, 2008, the total Design Day capacity on VGT, is 7,625 Dth as calculated in Attachment 3.

The difference between the total Design Day requirement and total Design Day capacity results in a 2.76% positive reserve margin.

B. Forecast Methodology for MERC Demand Entitlement Nov. 1, 2008

Peakday

Purpose

Gather data and perform analysis used in the "Petition for Change in Demand" for Minnesota Energy Resources Corporation – PNG and Minnesota Energy Resources Corporation – NMU for "Approval of a Change in Demand Entitlement" to be sent to the Minnesota Public Utilities Commission, otherwise known as the "MERC Demand Entitlement Filings".

Background

MERC is composed of two service areas:

1. PNG - Peoples Natural Gas (company – approximately 170,000 customers)
2. NMU - Northern Minn Utility (company – approximately 40,000 customers)

Which are served by four pipelines:

3. VGT - Viking Gas Transmission system (serves both PNG and NMU)
4. NNG- Northern Natural Gas pipeline (serves both PNG and NMU)
5. GLGT - Great Lakes Gas Transmission pipeline (serves both PNG and NMU)
6. Centra - Centra pipeline (serves NMU)

Four Petitions for Change in Demand are filed (one for each of PGAC):

A. PNG customers served off of VGT = PNG – VGT

B. PNG customers served off of GLGT = PNG - GLGT

C. PNG customers served off of NNG = PNG - NNG

D. All NMU customers - served off NNG, GLGT, VGT & Centra = NMU

Weather data is obtained from six weather stations:

1. International Falls

2. Bemidji

3. Cloquet

4. Fargo
5. Minneapolis

6. Rochester

For analytical purposes, data is subdivided, analyzed and regressed by the following eight demand areas:

	Demand Area (Service Area / Pipeline)	PGAC	Weather Station(s)
1	NMU-Centra	NMU	International Falls
2	NMU-GLGT *	NMU	Bemidji & Cloquet
3	NMU-NNG	NMU	Cloquet
4	NMU-VGT *	NMU	Bemidji & Fargo
5	NMU-GLGT&VGT*	NMU	Bemidji & Fargo
6	PNG-GLGT	PNG-GLGT	Bemidji & Cloquet
7	PNG-NNG	PNG-NNG	Minneapolis, Rochester & Cloquet
8	PNG-VGT	PNG-VGT	Bemidji & Fargo

* Thief River Falls is included only in NMU-GLGT&VGT

2008 Analytical Approach

Summary

1. Obtain daily weather data for each weather station as shown in Attachment 13

2. Obtain daily total throughput volumes by pipeline

3. Perform total throughput peak day regressions

4. Subtract interruptible, transport, and joint interruptible expected peak day load volumes based on monthly billing data

5. Add back Daily Firm Capacity (DFC) customer selections

6. Apply sales forecast growth rates

Detail

The Peak Day Forecasting Team (the Team) followed a data-driven approach for the MERC 2008/09 Peak Day Forecast. Since the forecast is for a peak day, the best daily data available is required to provide the best estimate. Theoretically, the peak day regression should be performed using daily net firm load by service area, pipeline, and weather station. A review of the data available indicated that the two best daily data sources are the daily weather data by weather station and the daily throughput data by Town Border Station (TBS) and pipeline meter. (Some pipeline meters are dedicated to a TBS, and some are dedicated to individual customers.)

Most of the interruptible, transportation, and joint interruptible data available is from monthly billing record excerpts provided by ADS/Vertex, an external vendor that has been providing billing services to MERC-PNG and MERC-NMU.

The Team proposed an approach different from the one used last year that would:

- Make the best use of the best available data.
- Isolate the effects the monthly billing cycle data has on the Peak Day forecast so that the new process can be easily updated as better data is available.
- Provide a basis for future risk adjustment to the forecast.

The MERC 2009 Peak Day Process consisted of:

I. Data Preparation

II. Regression Generation of Net Daily Metered Volumes

III. Adjusting the Regression Results to a Firm peak day estimate

I. The **Data Preparation** Steps consisted of:

- Identify the coldest Adjusted Heating Degree Day (AHDD) in the last 20 years for each weather station.
- Determine the most recent three, four, and five years of December through February daily total metered throughput for the eight demand areas by weather station.
- Subtract the daily pipeline meter readings for all non-firm customers with daily pipeline meter readings available for all three, four, or five December through February years from the total throughput for each demand area and weather station. Use the resulting net daily metered volumes for regressions. Examples of non-firm customer meter readings subtracted from the demand area total daily throughputs are paper mills, direct-connects, taconites, and off-system end users. (see "Adjusting the Regression Results to a Firm Peak Day Estimate" below)
- Determine how to map the monthly billing data to the eight demand areas.

Each daily weather station data file was searched to find the coldest Adjusted Heating Degree Day (AHDD) in the last 20 years. This 1-in-20 approach is consistent with prior years. The results are provided in the following table:

Station	Date	Avg. Temp	Avg. Wind	HDD	AHDD
Bemidji	2/1/1996	-34	8	99	107
Cloquet	2/2/1996	-31	7	96	103
Fargo	1/18/1996	-16	34	81	109
International Falls	2/2/1996	-34	8	99	107
Minneapolis	2/2/1996	-25	8	90	97
Rochester	2/2/1996	-27	10	92	101

The daily throughput data was provided by pipeline and meter, with each meter on each pipeline mapped to one of the weather stations shown in the above chart. Each meter was also designated as either PNG or NMU. As noted above, some of the meters

represented a TBS. Some meters were dedicated to a customer who is not a firm service customer of either PNG or NMU. For example, certain transportation, interruptible, direct-connect, and taconite customers have their own meter, but are not counted as firm service customers.

In a more nearly ideal world, the Team would have also had daily telemetered data from each interruptible, transportation, and joint interruptible customer mapped to each of the eight demand areas and related weather stations. This was the case for a handful of paper mills, direct-connects, taconites, and off-system end users. The rest of the interruptible, transportation, and joint interruptible data was available based on monthly billing cycle data that introduces billing lag, meter read lag (not all meters were read every month resulted in billing cycle estimates and reversals), and other potential errors into their volumes.

The Team was faced with the choice of either:

1. Trying to "invent" daily meter readings from this monthly data and subtract the estimated daily meter readings from the actual metered daily throughput to arrive at a daily firm load estimate, or
2. Generate regressions of the daily throughput data available less the known daily meter readings for non-firm customers and adjust those regressions for the estimated peak day impact of the other non-firm customers who do not have daily readings.

The Team's consensus was that the second approach introduced much less error into the data and regressions than trying to guess how to allocate monthly billing cycle data to daily when the load factors and relative temperature sensitivity of the non-daily-

metered customers was not known. Using only the daily metered data for the regressions makes the best use of the best data available and provides insights into the total daily metered load that could be active on a peak day even if supply access at the non-firm pipeline meters were shut off.

II. The **Regression Generation of Net Daily Metered Volumes** consisted of:

- For each of the eight Demand Areas (Service Area / Pipeline):
    1. Gather the net daily metered volumes and weather station AHDD[1] .
    2. If more than one weather station is represented in a given demand area, weight each weather station's AHDD by the total December through February metered volumes attributable to that weather station. This weighting is computed separately for the five-year, four-year, and three-year regressions as the relative load attributed to the different weather stations changes based on factors such as customer growth (or loss) and conservation.
    3. Add indicator variables for day-type and month. Day-type variables are used to isolate load that changes by day of the week, such as commercial or industrial customers who may change their consumption on weekends when they run fewer shifts. Month indicator variables are used to isolate load that changes based on winter month, such as businesses that are open extra hours in December and resume normal operating hours in January.

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[2] Temperature and weather data was obtained from Weather Bank/DTN via TherMaxx then converted to HDD and AHDD in an Excel spreadsheet by MERC – Gas Supply. Temperature and wind data is from midnight to midnight.

4. Perform three ordinary least squares linear regressions for each of the 5-year, 4-year, and 3-year time frames:
    - All: Use the weighted AHDD and all indicator variables to determine which are statistically significant.
    - Significant or S: Use only the independent variables that the "All" run showed to be statistically significant, i.e. those having T-Stats higher than 2.0 or less than minus 2.0.
    - AHDD: Use only the AHDD variable.
5. Summarize the Baseload and Use/AHDD from each regression.
6. Calculate a point estimate from each regression based on the baseload value plus the Use/AHDD coefficient times the coldest AHDD in 20 years (weighted if using more than one weather station).

After reviewing the results of the above regressions internally, the 3-year regressions using statistically significant independent variables were selected as being the most representative of the current system customers. The results of the 3-Year Significant, or "3-Yr S" regressions were then checked for reasonableness by comparing the point estimate against every day of the original five years of data, adding the estimated heat load required to weather-adjust the actual data to design AHDD conditions. For a perfectly normal distribution based on a perfectly homogeneous population, the point estimate would have 50% of the adjusted data above it, and 50% of the adjusted data below it. In practice, perfectly normal distributions and perfectly homogeneous populations are rare. For instance, over a five year time period, customers may be added or lost, and the customers that are present for all five

years may change their preferences for usage (such as setting the thermostat higher or lower or by adding insulation or adopting other conservation measures). Taking those factors into consideration, the results of the reasonableness test were reasonable, with the AHDD-adjusted actual daily metered volumes exceeding the "3-Yr S" point estimates an average of 46% of the time (PNG-GLGT was lowest with 34.7% and NMU-VGT was highest with 59.1%).

III. Adjusting the Regression Results to a Firm Peak Day Estimate consisted of:

A. Subtract interruptible, transport, and joint interruptible expected peak day load volumes based on monthly billing data

In order to determine firm peak day load, volumes contained in the daily pipeline meter readings for interruptible, joint interruptible and transportation customers needed to be isolated and removed. While it would have been ideal to have daily billing data for all customers, most of the interruptible, transportation, and joint interruptible data was, in most cases, only available from monthly billing records[2]. An unfortunate, but unavoidable consequence was that this data was based on monthly billing cycles that introduce billing lag, meter read lag (not all meters were read every month resulted in billing cycle estimates and reversals), and other potential errors into their volumes.

A database of volumes billed for all customers from July 2006 through February 2008 was obtained. The database contained detail by customer class[3], calendar month, (service) area, city, location, zip code and responsibility center. The billing database was provided by ADS/Vertex,

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[2] Individual daily volumes were available for a handful of paper mills, direct-connects, taconites, and off-system end users.

[3] Transportation, Interruptible, Joint Interruptible, Residential, Large Commercial & Industrial and Small Commercial & Industrial

an outside firm that has been providing billing services to MERC. Sales and Revenue Forecasting had previously adjusted the billing data to properly fit the appropriate calendar month of consumption by apportioning billed volumes, i.e. for a bill covering February 15 to March 15, volumes were split evenly between February and March.

Volumes for the interruptible, transportation and joint interruptible customer classes (INTER, TRANS and JINTER classes) needed to be mapped to the appropriate regression demand area, and were then summed. This billing data included consumption that was billed, but not included in the daily metered volumes for several large specific customers (paper mills, direct-connects, taconites, and off-system end users), and therefore needed to be removed from the gross interruptible, transportation and joint interruptible totals. Such customers were identified, mapped to the demand areas, summed and subtracted from the interruptible, transportation and joint interruptible customer classes totals. The following peak demand estimation method based on the highest monthly total from the winter of 2008 was then used to calculate the amount to subtract from the results of the data regressions for each demand area:

The MERC-PNG and MERC-NMU tariff General Rules, Regulations, Terms, and Conditions Section 1.N "Maximum Daily Quantity (MDQ)" on Original Sheet No. 8.04:

N. Maximum Daily Quantity (MDQ):

The amount calculated by dividing the volumes consumed by a particular customer during the highest historical peak month of usage for that customer by twenty (20). Company will estimate a peak month for new customers. A Maximum Daily Quantity may also be established through direct measurement or other means (i.e. estimating the peak day requirements after installation of new processing equipment or more energy efficient heating systems) if approved by [the] Company.

B. Add back Daily Firm Capacity (DFC) customer selections

While interruptible, joint interruptible and transportation customer volumes were removed (as described above), in order to determine firm peak day load, daily firm capacity selections needed to be added back. The Sales and Revenue Forecasting department provided historical monthly DFC data for 59 "joint interruptible" customers from January 2007 through May 2008 that showed the volume that each customer has selected to receive as firm service from MERC each month. Assistance was required from MERC Gas Supply to properly assign these 59 customers to the appropriate regression demand area. Once assigned, the daily firm capacity volumes were summed by month for each demand area. The total volumes for January 2008 were than added back to the adjusted regression results.

C. Apply Sales Forecast Growth Rates

The throughput volumes used in the data regressions were from 2008 and needed to be adjusted to properly forecast 2009. The sales forecast "MERC Fcst 200806", as approved by the Gas Planning Committee, was used to determine a growth rate for each demand area. Because the Peak Day Forecast is based on firm load, General Service volumes (GS - residential, commercial and industrial firm) were used as a proxy to calculate growth rates. These growth rates were then applied to the adjusted regression results.

Major Differences from 2007 Approach to the 2008 Approach

1. In 2007, estimates of the daily transport and interruptible volumes were removed from the total metered daily throughput to get estimated daily firm load before any regressions

were performed. This was done by dividing monthly billing data by the number of days in the month, then subtracting these daily estimated volumes for transport and interruptible customers from total daily metered throughput. This method assumed transport and interruptible loads are not weather sensitive, but more process load. In 2008, no attempt was made to convert monthly volumes to daily amounts. Transport and interruptible volumes were backed out after regressions were performed on measured daily throughput volumes.

2. In 2007, changes in customer counts were used to calculate growth rates. In 2008, forecasted changes in volumes were used
3. In 2007, Farm Taps were handled uniquely, whereas in 2008, they were not treated different from any other customer.

Demand Area / (Service Area / Pipeline) Regression Notes

NMU-GLGT

Paper Mills = Ainsworth and Blandon in Bemidji, and Sappi and USG in Cloquet

NMU-GLGT

Direct Connects = U.S Gypsum

NMU-VGT

Note: Discussions were held regarding how best to handle Lamb Weston (RDO) and the decision was to include these volumes in the regression analysis. If 3 years of daily usage were available, consideration would have been given to excluding from the regression and then consistently removing comparable volumes along with the interruptible and transportation volumes.

PNG-NNG

Taconites / Direct Connects =

- CCI EMPIRE IND DEL PT 2 TILDEN
- CCI NORTHSHORE
- EVELETH TACONITE
- HIBBING TACONITE CO.
- U.S. STEEL
- NATIONAL STEEL PELLET
- COTTAGE GROVE TBS LS POWER
- INLAND STEEL
- HANNA MINING

PNG-NNG

OSEU (EndUsers) =

- CORRECTIONAL CTR
- GRAND CASINO HINCKLEY
- KEMPS LLC
- KERRY BIO-SCIENCE
- LAKESIDE
- LAND OF LAKES
- PRO-CORN
- SWIFT

Daily Design Day Estimate to Actual Comparison

In the 2007 demand entitlement dockets, MERC agreed to include a daily estimate utilizing the design day model which is calculated in Attachment 10. The daily estimate is compared to actual consumption. The actual volumes is total through-put which includes interruptible and transportation volumes that are located behind MERC citygates. This does not include any transportation volumes that are directly connected with NNG pipeline. The Design Day model only calculates firm volumes. MERC does not forecast on a daily/monthly basis utilizing the Design Day model. The Design Day model is utilized to calculate the theoretical peak day.

Average Customer Counts

In the 2007 demand entitlement dockets, MERC agreed to include average customer counts which is provided in Attachment 11.

C. MERC's Specific VGT Proposed Demand-Related Changes

There are two types of demand entitlement changes. The first type is design day deliverability, which, in this case, there is no change in the amount of firm transportation capacity actually available to MERC's PNG-VGT customers during winter peak periods. The second type does not affect design day deliverability levels, but alters the capacity portfolio and the PGA costs recovered from customers.

1. Design Day Deliverability Changes

As shown in PNG-VGT Attachment 6, MERC PNG-VGT proposes a decrease in the Viking Backhaul contract and the NNG Chisago contract that

delivers gas into the VGT system for design day deliverability for the upcoming heating season.

2. Other Demand Entitlement Changes

As shown in the Attachment 6, MERC PNG-VGT proposes no changes in other pipeline entitlements that are not included in peak day deliverability.

D. Financial Option Units and Premiums

i. MERC entered into New York Mercantile Exchange (NYMEX) financial Call Options for the upcoming 2008/2009 winter (November through March). Please see Attachment 5.

ii. Total premium cost to enter into the financial Call Options on behalf of MERC's firm customers amounted to $215,559 for the 2008/2009 winter. Please see Attachment 5.

iii. MERC entered into **[TRADE SECRET DATA BEGINS TRADE SECRET DATA ENDS]** Total premium per contract is approximately **[TRADE SECRET DATA BEGINS TRADE SECRET DATA ENDS]** Please see Attachment 5.

iv. Please see Attachment 5 for the various contract dates.

v. Please see Attachment 5 for the various contract prices.

vi. MERC believes a diversified portfolio approach towards hedging is in the best interest of MERC's firm customers. MERC implemented a 40% fixed price (storage and physical fixed price purchases), 30% financial call

options and 30% market based prices, assuming normal weather. A dollar-cost-averaging approach is utilized in purchasing the hedging portfolio. Although this hedging strategy will most likely not provide the lowest priced supply, it does meet MERC's stated objectives of providing reliable and reasonably priced natural gas and mitigates natural gas price volatility. Please see Attachment 9, Page 1 of 2.

E. Gas Supply.

The PNG-VGT 2008-2009 Winter Portfolio Plan - Minnesota Energy Resources Corporation for VGT gas supply purchases for the Hedging Plan is in Attachment 9, page 2.

F. PGA Cost Recovery

MERC proposes to begin recovering the costs associated with the change in demand-related costs in its monthly PGA effective November 1, 2008. Rate impacts can be found on Attachment 4 and Attachment 7.

II. CONCLUSION

Based upon the foregoing, MERC respectfully requests the Minnesota Public Utilities Commission grant the demand changes requested herein effective November 1, 2008. If any further information, clarification, or substantiation is required to support this filing please advise.

DATED: November 3, 2008

Respectfully Submitted,

DORSEY & WHITNEY LLP

By _____
Michael J. Ahern
Suite 1500, 50 South Sixth Street
Minneapolis, MN 55402-1498
Telephone: (612) 340-2600

Attorney for Minnesota Energy Resources Corporation

AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Sarah J. Kerbeshian, being first duly sworn on oath, deposes and states that on the 3rd day of November, 2008, the Petition of Minnesota Energy Resources Corporation-PNG for Approval of a Change in Demand Entitlement was electronically filed with the Minnesota Public Utilities Commission and the Minnesota Department of Commerce, the Petition was provided via United States first class mail to the individuals on the attached service list at the Office of the Attorney General, and a Summary of the Filing was provided via United States first class mail to the remaining individuals on the attached service list. Additionally, a Notice of Availability was provided via United States First Class Mail to all intervenors in Aquila Networks-PNG's previous two rate cases.

Sarah J. Kerbeshian

Subscribed and sworn to before me
this 3rd day of November, 2008.

Notary Public, State of Minnesota

PAULA R. BJORKMAN
NOTARY PUBLIC-MINNESOTA
My Commission Expires Jan. 31, 2010

Burl W. Haar
MN Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101-5147

Michael Ahern
Dorsey & Whtiney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

James D. Larson
Dahlen Berg & Co.
200 South Sixth Street
Suite 300
Minneapolis, MN 55402

Sharon Ferguson
MN Department of Commerce
85 Seventh Place East
Suite 500
St. Paul, MN 55101-2198

Ann Seha
Dorsey & Whtiney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402-1498

Pam Marshall
Energy CENTS Coalition
823 East Seventh Street
St. Paul, MN 55106

Julia Anderson
Attorney General's Office
1400 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101-2131

Michael J. Bradley
Moss & Barnett
4800 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402-4129

Brian Meloy
Leonard, Street & Deinard
150 South Fifth Street
Suite 2300
Minneapolis, MN 55402

Ronald M. Giteck
Attorney General's Office-RUD
900 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101

Marie Doyle
CenterPoint Energy
800 LaSalle Avenue – Fl. 11
P.O. Box 59038
Minneapolis, MN 55459-0038

Eric F. Swanson
Winthrop & Weinstine
225 South Sixth Street
Suite 350
Minneapolis, MN 55402-4629

Karen Finstad Hammel
Attorney General's Office
1400 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101-2131

Bob Freund
Rochester Post-Bulletin
P.O. Box 6118
Rochester, MN 55903-61188

James R. Talcott
Northern Natural Gas Company
1111 South 103rd Street
Omaha, NE 68124

John Lindell
Attorney General's Office-RUD
900 Bremer Tower
445 Minnesota Street
St. Paul, MN 55101-2130

Jack Kegel
MN Municipal Utilities Assn.
3025 Harbor Lane N.
Suite 400
Plymouth, MN 55447-5142

Greg Walters
Minnesota Energy Resources
519 First Avenue SW
P.O. Box 6538
Rochester, MN 55903-6538

Robert S. Lee
Mackall Crounse & Moore PLC
1400 AT&T Tower
901 Marquette Avenue
Minneapolis, MN 55402-2859

MINNESOTA ENERGY RESOURCES - PNG

DESIGN-DAY DEMAND SUMMARY
NOVEMBER 1, 2008
VGT

Design Day Requirement		7,420
Total Entitlement on Peak Day(excl. Peak Shaving)		7,625
Firm Peak Day Actual Sendout -Non Coincidental	(Feb. 10)	7,058
Firm Annual Throughput - Minnesota		652,333
No. of Firm Customers		4,635
DPS Load Factor Calculation		25.32%

MINNESOTA ENERGY RESOURCES - PNG

MINNESOTA DESIGN DAY REQUIREMENTS

NOVEMBER 1, 2008

VGT

Pipeline Group	Nov07-Mar 08 Avg. Customer Count	1/20 Design DDD	Regression Factors		Regression Total Footnote 1	Regression Adjustment Footnote 2	1/20 Requirements Regression Load Footnote 3	Nov07-Mar 08 Avg. Customer Growth	Total
			Intercept	Slope					
PEAK									
	4,635	109	623	86	10,038	2,841	7,197	3.1%	7,420
Total	4,635								7,420
OFF PEAK									
	4,635	57	623	86	5,546	1,562	3,984	3.1%	4,108
Total	4,635								4,108

*All requirement adjusted for customer growth

MINNESOTA ENERGY RESOURCES - PNG

DESIGN-DAY DEMAND PER CUSTOMER

NOVEMBER 1, 2008

VGT

Heating Season	No. of Firm Customers	Design Day Requirements	MMBtus /Customer /Day
08/09	4,635	7,420	1.60
07/08	4,586	8,135	1.77
06/07	4,523	8,112	1.79
05/04	4,502	7,598	1.69
04/03	4,471	7,423	1.66
03/02	4,374	7,083	1.62

0

Attachment 2

11/3/2008

MINNESOTA ENERGY RESOURCES - PNG

SUMMER/WINTER USAGE - Mcf

PROJECTED 12 MONTHS ENDING JUNE 2008

VGT

Class	Summer Apr-Oct	Winter Nov-Mar	Total
GS	164,092	474,057	638,149
SVI	49,631	148,374	198,005
SVJ	3,514	10,670	14,184
LVI	0	0	0
Total	217,237	633,101	850,338

0

Attachment 3

11/3/2008

MINNESOTA ENERGY RESOURCES - PNG

ENTITLEMENT LEVELS

PROPOSED TO BE EFFECTIVE NOVEMBER 1, 2008

VGT

Type of Capacity or Entitlement		Current Amount Mcf or MMBtu	Proposed Change Mcf or MMBtu	Proposed Amount Mcf or MMBtu
AF0012		3,527	0	3,527
AF0014 (Dec-Feb) *		1,098	0	1,098
AF0016		1,000	0	1,000
AF0102		2,000	0	2,000
NNG-TF12 Chisago	112495	935	(763)	172
NNG-TF5 Chisago	112495	227	162	389
NNG-TFX 12 Chisago	112486	373	59	432
NNG-TFX 5 Chisago	112486	841	(736)	105
Chisago Backhaul*	RF0361	1,277	(1,277)	0
Heating Season Total		8,902	(677)	7,625
Non-Heating Season Total		7,835		7,132
Total Entitlement		8,902	(677)	7,625
Heating Season Forecasted Design Day		8,112	(692)	7,420
Non-Heating Season Forecasted Design Day		2,693	1,415	4,108
Heating Season Capacity Surplus/Shortage		790	(585)	205
Non-Heating Season Capacity Surplus/Shortage		5,142	(2,118)	3,024
Reserve Margin		8.87%		2.69%

*Not included in total firm entitlement

(1) Increase entitlement to ensure adequate reserve margin against design day.

MINNESOTA ENERGY RESOURCES - PNG

RATE IMPACT OF THE PROPOSED DEMAND CHANGE

NOVEMBER 1, 2008

All costs in $/MMBtu	Last Rate Case G011 M03-1372	Last Demand Change G011 M06-XXXX Nov. 06	Last Demand Change G011 M07-XXXX Nov. 07	VGT Most Recent PGA Oct. 08	Current Proposal Effective Nov.1,2008	Result of Proposed Change: Change from Last Rate Case	Change from Last Demand Change	Change from Last PGA	Change from Last PGA $
1) General Service: Avg. Annual Use:				**139**	**Mcf**				
Commodity Cost	$2.7770	$7.3593	$6.9399	$6.9633	$7.0000	152.07%	-4.88%	0.53%	$0.0367
Demand Cost	$0.6947	$1.4386	$1.1745	$1.2591	$1.0176	46.48%	-29.27%	-19.18%	($0.2415)
Commodity Margin	$1.1771	$1.1771	$1.1771	$1.6263	$1.6263	38.16%	38.16%	0.00%	$0.0000
Total Cost of Gas	$4.6488	$9.9750	$9.2915	$9.8487	$9.6439	107.45%	-3.32%	-2.08%	($0.2048)
Avg Annual Cost	$646.18	$1,386.53	$1,291.52	$1,368.97	$1,340.50	107.45%	-3.32%	-2.08%	($28.47)
Effect of proposed commodity change on average annual bills:									$5.10
Effect of proposed demand change on average annual bills:									($33.57)
2) Small Vol. Interruptible: Avg. Annual Use:				**3,744**	**Mcf**				
Commodity Cost	$2.7770	$7.3593	$6.9399	$6.9633	$7.0000	152.07%	-4.88%	0.53%	$0.0367
Demand Cost									
Commodity Margin	$0.9000	$0.9000	$0.9000	$1.2434	$1.2434	38.16%	38.16%	0.00%	$0.0000
Total Cost of Gas	$3.6770	$8.2593	$7.8399	$8.2067	$8.2434	124.19%	-0.19%	0.45%	$0.0367
Avg Annual Cost	$13,766.69	$30,922.82	$29,352.59	$30,725.88	$30,863.29	124.19%	-0.19%	0.45%	$137.40
Effect of proposed commodity change on average annual bills:									$137.40
Effect of proposed demand change on average annual bills:									$0.00
3) Large Vol. Interruptible: Avg. Annual Use:				**106,427**	**Mcf**				
Commodity Cost	$2.7770	$6.9399	$6.9633	$6.9633	$7.0000	152.07%	0.87%	0.53%	$0.0367
Demand Cost									
Commodity Margin	$0.2600	$0.2600	$0.3592	$0.2600	$0.2600	0.00%	0.00%	0.00%	$0.0000
Total Cost of Gas	$3.0370	$7.1999	$7.3225	$7.2233	$7.2600	139.05%	0.83%	0.51%	$0.0367
Avg Annual Cost	$323,218.80	$766,263.76	$779,311.71	$768,754.15	$772,660.02	139.05%	0.83%	0.51%	$3,905.87
Effect of proposed commodity change on average annual bills:									$3,905.87
Effect of proposed demand change on average annual bills:									$0.00
4) Small Vol. Firm: Avg. Annual Use:				**3,893**	**Mcf**				
Agg. Annual CD Units:				**13**					
Commodity Cost	$2.7770	$6.9399	$6.9399	$6.9633	$7.0000	152.07%	0.87%	0.53%	$0.0367
Demand Cost	$2.7846	$3.4671	$3.4671	$3.4671	$3.4671	24.51%	0.00%	0.00%	$0.0000
Commodity Margin	$0.9000	$0.9000	$0.9000	$1.2434	$1.2434	38.16%	38.16%	0.00%	$0.0000
Demand Margin	$1.5000	$1.5000	$1.5000	$2.0724	$2.0724	38.16%	38.16%	0.00%	$0.0000
Total Cost of Gas	$3.6770	$7.8399	$7.8399	$8.2067	$8.2434	124.19%	5.15%	0.45%	$0.0367
Total Demand Cost	$4.2846	$4.9671	$4.9671	$5.5395	$5.5395	29.29%	11.52%	0.00%	$0.0000
Avg Annual Cost	$14,370.26	$30,585.30	$30,585.30	$32,020.70	$32,163.57	123.82%	5.16%	0.45%	$142.87
Effect of proposed commodity change on average annual bills:									$142.87
Effect of proposed demand change on average annual bills:									$0.00

Note: Average Annual Average based on PNG Annual Automatic Adjustment Report in Docket No. E,G999/AA-05-1403

MINNESOTA ENERGY RESOURCES-PNG
CALCULATION OF PURCHASED GAS ADJUSTMENT (PGA) VGT

I. VIKING BASE COST OF GAS APPROVED IN DOCKET NO. G011/MR-03-1372			BASE		15-Dec-03 Based on Feb 2000 rates		Rate/CCF
A. GS-4	FT-2 Demand	3,127	12	$2.7846	=	$104,489	$0.01619
	FT-2	1,098	3	$2.7846	=	$9,172	$0.00142
	TF-12(NNG)	1,098	12	$5.9972	=	$79,019	$0.01225
	FT-D	2,000	12	$10.6500	=	$255,600	$0.03961
	Total Demand Cost				GS Demand $	$448,280	$0.06947
	Rate Case 2000 volume in Ccf				GS Ccf	6,452,500	
	Demand Base Cost of Gas/CCf						$0.06947
	Commodity Base Cost of Gas/Ccf						$0.27770
	TOTAL BASE COST OF GAS/Ccf						$0.34717
					All Classes Ccf	9,546,800	
					All Classes Comm $	$2,651,146	
B. SVI-4	TOTAL BASE COST OF GAS/Ccf						$0.27770
C. SJ-4	Demand Base Cost of Gas/CCf						$0.27846
					SVJ Demand Unit	54	
	Commodity Base Cost of Gas/CCf				SVJ Demand $	$5,413.26	$0.27770
D. LVI-4	Commodity Base Cost of Gas/CCf						$0.27770
					Total Gas Cost $	$3,104,839	

II. VIKING GAS TRANSMISSION'S RATES -- CURRENT COST OF GAS EFF	01-Nov-08	CURRENT	
		$0.70000	WACOG
		$0.70000	

III. ANNUAL FIRM SALES --

IV. PNG'S -- CURRENT COST OF GAS EFFECTIVE						01-Nov-08	CURRENT	Rate/CCF
A. GS-4	FT-A	AF0012	3,527	12	$3.4671	=	$146,742	$0.02274
	FT-A	AF0014 *	1,098	3	$3.4671	=	$11,421	$0.00177
	FT-A	AF0016	1,000	12	$3.4671	=	$41,605	$0.00645
	FT-A	AF0102	2,000	12	$3.4671	=	$83,210	$0.01290
	NNG-TF12 Chisago	112495	172	12	$7.5776	=	$15,661	$0.00243
	NNG-TF5 Chisago	112495	389	5	$15.1530	=	$29,449	$0.00456
	NNG-TFX 12 Chisago	112486	432	12	$9.6288	=	$49,950	$0.00774
	NNG-TFX 5 Chisago	112486	105	5	$15.1530	=	$7,939	$0.00123
	FT-A Backhaul	AFXXXX	0	5	$3.7671	=	$0	$0.00000
	Total Demand Cost						$385,977	$0.05982
	Nexen Exchange		152,888	1	$1.77000	=	$270,612	$0.04194
	Rate Case 2000 volume in Ccf						6,452,500	
	Current Demand Cost of Gas/CCf							$0.10176
	Current Commodity Cost of Gas/Ccf							$0.70000
	Current Total Cost of Gas/CCf							$0.80176
B. SVI-4	Current Commodity Cost of Gas/CCf							$0.70000
C. SJ-4	Current Demand Cost of Gas/CCf							$0.34671
	Current Commodity Cost of Gas/CCf							$0.70000
D. LVI-4	Current Commodity Cost of Gas/CCf							$0.70000

MINNESOTA ENERGY RESOURCES - PNG-GLGT

Attachment 5

Financial Options
Heating Season 2008-2009

[TRADE SECRET DATA BEGINS

Units - Gas Daily Packages

No Gas Daily Peakers were purchased

Units - Call Option (Daily Volume)

	November		December		January		February		March			
	Contract Date	Daily Volume	Contract Date	Daily Volume	Contract Date	Daily Volume	Contract Date	Daily Volume	Contract Date	Daily Volume	Daily Total	Term Total
Total	1,000		1,290		1,613		1,429		979		6,310	190,339

Premium - Call Option (Monthly Cost)

	November		December		January		February		March		Total	
	Option Premium	Premium Cost	Option Premium	Premium Cost	Option Premium	Premium Cost	Option Premium	Premium Cost	Option Premium	Premium Cost	Option Premium	Premium Cost
Total	$ 0.9405	$ 28,216	$ 0.9620	$ 38,479	$ 1.1427	$ 57,136	$ 1.3178	$ 54,596	$ 1.2239	$ 37,131	$ 1.1325	$ 215,559

Units - Collar Floor (put)

No Puts were purchased.

TRADE SECRET DATA ENDS]

MINNESOTA ENERGY RESOURCES - PNG

Attachment 6
VGT

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 Design Day Capacity	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-XXXX	Quantity (Mcf)	
FT-A 12 months	3,527	2/
FT-A 3 months	1,098	
FT-A (5 month backhaul)	1,277	1/
NNG TF 12 mos. (backhaul)	1,098	1/
TF12 (NNG)	1,308	
TF5 (NNG)	1,067	
FT-D 12 months	3,000	
Total Design Day Capacity	8,902	
Total Viking Transportation	8,902	
Total Annual Transportation	7,835	
Total Seasonal Transport	1,067	
Percent Seasonal on Viking	12.0%	

2007-08 G011/M-07-XXXX	Quantity (Mcf)	
FT-A 12 months	3,527	2/
FT-A 3 months	1,098	
FT-A (5 month backhaul)	915	1/
NNG TF 12 mos. (backhaul)	1,098	1/
TF12 (NNG)	1,108	
TF5 (NNG)	905	
FT-D 12 months	3,000	
Total Design Day Capacity	8,540	
Total Viking Transportation	8,540	
Total Annual Transportation	7,635	
Total Seasonal Transport	905	
Percent Seasonal on Viking	10.6%	

2008-09 G011/M-08-XXXX	Quantity (Mcf)		Change in Quantity
FT-A 12 months	6,527		3,000
FT-A 3 months	1,098		0
FT-A (5 month backhaul)	0	1/	(915)
NNG TF 12 mos. (backhaul)	1,098	1/	0
TF12 (NNG)	605		(503)
TF5 (NNG)	493		(412)
FT-D 12 months	0		(3,000)
Total Design Day Capacity	7,625		(915)
Total Viking Transportation	7,625		(915)
Total Annual Transportation	7,132		(503)
Total Seasonal Transport	493		(412)
Percent Seasonal on Viking	6.5%		-4.13%

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

MINNESOTA ENERGY RESOURCES - PNG

Attachment 7

VGT

General Service	Last Rate Case GR-03-1372	Last Demand Change M-06-XXXX	Most Recent PGA as Filed-October	October PGA with Current Demand Entitlement Change	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	Change From Most Recent PGA
Commodity Cost of Gas (WACOG)	$2.7770	$7.3593	$6.9633	$7.0000	152.07%	-4.88%	0.53%	$0.0367
Demand Cost of Gas	$0.6947	$1.4386	$1.2591	$1.0176	46.48%	-29.27%	-19.18%	($0.2415)
Commodity Margin	$1.2628	$1.1771	$1.6263	$1.6263	28.79%	38.16%	0.00%	$0.0000
Total Cost of Gas	$4.7345	$9.9750	$9.8487	$9.6439	103.69%	-3.32%	-2.08%	($0.2048)
Average Annual Usage (Mcf)	139	139	139	139				
Average Annual Total Cost of Gas	$658.10	$1,386.53	$1,368.97	$1,340.50	103.69%	-3.32%	-2.08%	($28.47)

Small Volume Interruptible	Last Rate Case GR-03-1372	Last Demand Change M-06-XXXX	Most Recent PGA	Current Proposal	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	Change From Most Recent PGA
Commodity Cost of Gas (WACOG)	$2.7770	$7.3593	$6.9633	$7.0000	152.07%	-4.88%	0.53%	$0.0367
Demand Cost of Gas								$0.0000
Commodity Margin	$0.9000	$0.9000	$0.9000	$1.2434	38.16%	38.16%	38.16%	$0.3434
Total Cost of Gas	$3.6770	$8.2593	$7.8633	$8.2434	124.19%	-0.19%	4.83%	$0.3801
Average Annual Usage (Mcf)	3,744	3,744	3,744	3,744				
Average Annual Total Cost of Gas	$13,766.69	$30,922.82	$29,440.20	$30,863.29	124.19%	-0.19%	4.83%	$1,423.09

Large Volume Interruptible	Last Rate Case GR-03-1372	Last Demand Change M-06-XXXX	Most Recent PGA	Current Proposal	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	Change From Most Recent PGA
Commodity Cost of Gas (WACOG)	$2.7770	$7.3593	$6.9633	$7.0000	152.07%	-4.88%	0.53%	$0.0367
Demand Cost of Gas								$0.0000
Commodity Margin	$0.2600	$0.2600	$0.2600	$0.2600	0.00%	0.00%	0.00%	$0.0000
Total Cost of Gas	$3.0370	$7.6193	$7.2233	$7.2600	139.05%	-4.72%	0.51%	$0.0367
Average Annual Usage (Mcf)	106,427	106,427	106,427	106,427				
Average Annual Total Cost of Gas	$323,218.80	$810,899.24	$768,754.15	$772,660.02	139.05%	-4.72%	0.51%	$3,905.87

Small Volume Firm	Last Rate Case GR-03-1372	Last Demand Change M-06-XXXX	Most Recent PGA	Current Proposal	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	$ Change From Most Recent PGA
Commodity Cost of Gas (WACOG)	$2.7770	$7.3593	$6.9633	$7.0000	152.07%	-4.88%	0.53%	$0.0367
Demand Cost of Gas	$2.7846	$3.4671	$3.3260	$3.4671	24.51%	0.00%	4.24%	$0.1411
Commodity Margin	$0.9000	$0.9000	$0.9000	$1.2434	38.16%	38.16%	38.16%	$0.3434
Demand Margin	$1.5000	$1.5000	$1.5000	$2.0724	38.16%	38.16%	38.16%	$0.5724
Total Commodity Cost	$3.6770	$8.2593	$7.8633	$8.2434	124.19%	-0.19%	4.83%	$0.3801
Total Demand Cost	$4.2846	$4.9671	$4.8260	$5.5395	29.29%	11.52%	14.78%	$0.7135
Total Recovery	$7.9616	$13.2264	$12.6893	$13.7829	73.12%	4.21%	8.62%	$1.0936
Average Annual Usage (Mcf)*	3,893	3,893	3,893	3,893				
Average Annual Commodity Bill^	$14,314.56	$32,153.45	$30,611.83	$32,091.56	124.19%	-0.19%	4.83%	$1,479.73

* Excludes 7 CD Units

Summary	Commodity Change ($/Mcf)	Commodity Change (%)	Demand Change ($/Mcf)	Demand Change (%)	Total Change ($/Mcf)	Total Change (%)	Effect on Annual Bill
General Service	$0.0367	3.67%	($0.2415)	-19.18%	($0.2048)	-2.08%	($28.47)
Small Volume Interruptible	$0.0367	3.67%	$0.0000	0.00%	$0.3801	4.83%	$1,423.09
Large Volume Interruptible	$0.0367	3.67%	$0.0000	0.00%	($0.0367)	0.51%	$3,905.87
Small Volume Firm	$0.3801	38.01%	$0.7135	14.78%	$0.0000	0.00%	$1,479.73

MINNESOTA ENERGY RESOURCES - PNG

Atttachment 8
VGT

	Oct-08 Entitlement	Nov-08 Entitlement	Entitlement Change	Months	Oct. 2008 Tariff Rate	Oct. 2008 Total Cost	Nov. 2008 Total Cost	Entitlement Change
FT-A (AF0012)	3,527	3,527	0	12	$3.4671	$146,742	$146,742	$0
FT-A (AF0014)	1,098	1,098	0	3	$3.4671	$11,421	$11,421	$0
FT-A (AF0016)	1,000	1,000	0	12	$3.4671	$41,605	$41,605	$0
FT-A (AF0102)	2,000	2,000	0	12	$3.4671	$83,210	$83,210	$0
TF-12 (NNG) (112495)	172	172	0	12	$7.5776	$15,661	$15,661	$0
TFX-12 (NNG) (112495)	389	389	0	12	$15.1530	$70,678	$70,678	$0
TF-5 (NNG) (112495)	432	432	0	5	$9.6288	$20,813	$20,813	$0
TFX-5 (NNG) (112486)	105	105	0	5	$15.1530	$7,939	$7,939	$0
Chisago Backhaul	0	915	915	5	$3.7671	$0	$17,234	$17,234
Chisago Backhaul	915	0	-915	5	$2.7360	$12,517	$0	-$12,517
Tenaska PSO	0	0	0	1		$0	$0	$0
Nexen PSO	154,541	152,888	-1,653	1	$1.7700	$273,538	$270,612	-$2,926
Total Demand Cost						$684,123	$685,915	$1,791

08/09 Winter Portfolio Plan - MERC VGT-PNG Hedging Plan

[TRADE SECRET DATA BEGINS]

Total													632,792	100.00%

[TRADE SECRET DATA ENDS]

MINNESOTA ENERGY RESOURCES

VGT WINTER PLAN (PNG)

NOVEMBER, 2008 THROUGH MARCH, 2009

[TRADE SECRET DATA BEGINS

TRADE SECRET DATA ENDS]

MINNESOTA ENERGY RESOURCES - PNG

Attachment 10
Daily Total Throughput Data - July 1, 2007 through June 30, 2008
VGT

Base	1,801
Variable	67

Date	15.00% Bemidji Adjusted HDD	85.00% Fargo Adjusted HDD	100.00% Weighted Adjusted HDD	Actual Total Through-Put *	Estimated Through-Put
7/1/07	0	0	0	747	1,801
7/2/07	0	0	0	850	1,801
7/3/07	0	0	0	769	1,801
7/4/07	0	0	0	504	1,801
7/5/07	0	0	0	566	1,801
7/6/07	0	0	0	566	1,801
7/7/07	0	0	0	509	1,801
7/8/07	0	0	0	627	1,801
7/9/07	1	0	0	870	1,812
7/10/07	5	0	1	940	1,848
7/11/07	4	0	1	939	1,846
7/12/07	3	1	1	898	1,897
7/13/07	3	0	0	669	1,834
7/14/07	0	0	0	589	1,801
7/15/07	1	0	0	712	1,812
7/16/07	0	0	0	898	1,801
7/17/07	0	0	0	882	1,801
7/18/07	0	0	0	860	1,801
7/19/07	0	0	0	880	1,801
7/20/07	1	0	0	639	1,812
7/21/07	0	0	0	544	1,801
7/22/07	0	0	0	634	1,801
7/23/07	0	0	0	796	1,801
7/24/07	0	0	0	791	1,801
7/25/07	0	0	0	794	1,801
7/26/07	0	0	0	841	1,801
7/27/07	0	0	0	638	1,801
7/28/07	0	0	0	509	1,801
7/29/07	0	0	0	585	1,801
7/30/07	0	0	0	794	1,801
7/31/07	0	0	0	794	1,801
8/1/07	0	0	0	832	1,801
8/2/07	0	0	0	838	1,801
8/3/07	1	0	0	650	1,811
8/4/07	0	0	0	585	1,801
8/5/07	0	0	0	650	1,801
8/6/07	4	0	1	820	1,843
8/7/07	0	0	0	839	1,801
8/8/07	0	0	0	844	1,801
8/9/07	0	0	0	814	1,801
8/10/07	0	0	0	613	1,801
8/11/07	0	0	0	561	1,801
8/12/07	7	3	4	655	2,057
8/13/07	6	0	1	851	1,866
8/14/07	0	0	0	888	1,801
8/15/07	0	0	0	885	1,801
8/16/07	9	3	4	912	2,071
8/17/07	8	6	7	742	2,242
8/18/07	12	6	7	690	2,291
8/19/07	3	3	3	791	2,022
8/20/07	7	2	3	933	1,993
8/21/07	0	0	0	912	1,801
8/22/07	0	0	0	865	1,801
8/23/07	1	0	0	925	1,812
8/24/07	7	5	6	714	2,173
8/25/07	5	5	5	565	2,148
8/26/07	0	0	0	628	1,801
8/27/07	0	0	0	876	1,801
8/28/07	9	3	4	951	2,079
8/29/07	8	4	5	930	2,123
8/30/07	7	0	1	818	1,876
8/31/07	0	0	0	620	1,801
9/1/07	0	0	0	531	1,801
9/2/07	2	0	0	525	1,823
9/3/07	0	0	0	601	1,801
9/4/07	1	0	0	803	1,812
9/5/07	0	0	0	774	1,801
9/6/07	0	0	0	898	1,801
9/7/07	8	6	6	760	2,192
9/8/07	18	17	17	939	2,955
9/9/07	18	15	15	890	2,810
9/10/07	11	8	8	1,136	2,357
9/11/07	23	17	18	1,617	3,010
9/12/07	21	12	13	1,244	2,704
9/13/07	21	12	13	1,707	2,683
9/14/07	29	20	21	1,673	3,224
9/15/07	19	12	13	1,111	2,689
9/16/07	9	4	5	851	2,141
9/17/07	6	0	1	983	1,866
9/18/07	7	7	7	1,233	2,247
9/19/07	17	11	12	1,328	2,591
9/20/07	17	4	6	1,204	2,223
9/21/07	7	6	6	1,039	2,190
9/22/07	8	2	3	733	2,005

MERC

	9/23/07	0	0	0	697	1,801
	9/24/07	1	0	0	1,089	1,812
	9/25/07	21	14	15	1,565	2,820
	9/26/07	16	12	13	1,345	2,645
	9/27/07	12	10	10	1,394	2,479
	9/28/07	17	11	12	957	2,618
	9/29/07	2	0	0	693	1,824
	9/30/07	8	2	3	1,088	2,005
	10/1/07	16	10	11	1,143	2,519
	10/2/07	7	7	7	1,371	2,258
	10/3/07	11	7	7	1,154	2,280
	10/4/07	11	9	9	1,194	2,395
	10/5/07	17	10	11	1,067	2,539
	10/6/07	6	0	1	718	1,856
	10/7/07	9	12	12	1,275	2,595
	10/8/07	21	14	15	1,965	2,825
	10/9/07	33	21	23	2,631	3,356
	10/10/07	27	27	27	2,329	3,619
	10/11/07	24	21	21	2,292	3,208
	10/12/07	24	13	14	1,947	2,766
	10/13/07	17	16	16	1,602	2,889
	10/14/07	22	14	15	1,938	2,811
	10/15/07	22	19	19	2,239	3,085
	10/16/07	23	18	19	2,059	3,069
	10/17/07	17	13	14	1,830	2,721
	10/18/07	17	14	15	2,021	2,783
	10/19/07	21	15	16	2,061	2,890
	10/20/07	21	14	15	1,618	2,806
	10/21/07	21	18	19	2,243	3,048
	10/22/07	26	22	22	2,394	3,292
	10/23/07	21	19	20	2,589	3,120
	10/24/07	25	23	23	2,232	3,346
	10/25/07	14	11	11	2,020	2,548
	10/26/07	26	23	24	2,425	3,387
	10/27/07	30	28	28	2,633	3,674
	10/28/07	29	21	23	2,197	3,317
	10/29/07	18	18	18	1,952	3,015
	10/30/07	13	13	13	1,987	2,682
	10/31/07	32	28	29	2,932	3,718
	11/1/07	28	24	24	2,326	3,423
	11/2/07	29	26	26	2,550	3,541
	11/3/07	30	29	29	2,542	3,760
	11/4/07	30	31	31	2,744	3,883
	11/5/07	39	36	36	3,923	4,229
	11/6/07	40	40	40	4,099	4,496
	11/7/07	37	37	37	3,803	4,275
	11/8/07	35	36	36	3,444	4,206
	11/9/07	34	32	32	3,188	3,945
	11/10/07	30	26	26	2,720	3,553
	11/11/07	25	18	19	2,576	3,071
	11/12/07	24	24	24	2,453	3,396
	11/13/07	19	18	18	2,808	2,989
	11/14/07	35	31	31	4,029	3,908
	11/15/07	40	39	39	3,626	4,396
	11/16/07	36	28	29	3,026	3,732
	11/17/07	41	33	34	3,478	4,076
	11/18/07	40	34	35	3,338	4,139
	11/19/07	29	25	26	3,109	3,511
	11/20/07	39	36	37	4,232	4,255
	11/21/07	47	47	47	4,763	4,938
	11/22/07	48	47	47	4,249	4,969
	11/23/07	43	43	43	3,988	4,652
	11/24/07	41	38	38	3,661	4,363
	11/25/07	35	32	32	3,641	3,957
	11/26/07	55	52	52	5,514	5,292
	11/27/07	71	66	67	6,001	6,302
	11/28/07	61	59	60	6,476	5,795
	11/29/07	67	67	67	6,875	6,273
	11/30/07	68	56	57	5,744	5,647
	12/1/07	55	53	54	5,050	5,396
	12/2/07	63	71	69	6,107	6,450
	12/3/07	65	64	64	5,687	6,103
	12/4/07	57	53	53	5,779	5,378
	12/5/07	68	73	72	6,316	6,628
	12/6/07	62	63	63	6,062	5,990
	12/7/07	73	77	77	6,785	6,942
	12/8/07	75	79	78	6,900	7,055
	12/9/07	73	78	78	6,516	7,002
	12/10/07	59	63	63	5,796	6,001
	12/11/07	64	63	63	5,816	6,003
	12/12/07	56	58	58	5,280	5,671
	12/13/07	61	60	60	6,881	5,846
	12/14/07	74	72	72	6,363	6,629
	12/15/07	56	56	56	5,119	5,526
	12/16/07	55	57	57	5,198	5,610
	12/17/07	47	55	53	4,816	5,385
	12/18/07	49	53	52	5,034	5,283
	12/19/07	54	52	53	4,896	5,324
	12/20/07	43	48	47	4,646	4,946
	12/21/07	39	47	46	4,285	4,850
	12/22/07	55	60	60	5,648	5,793
	12/23/07	66	68	68	6,288	6,361
	12/24/07	57	57	57	4,801	5,595
MERC	12/25/07	45	43	43	4,339	4,709
	12/26/07	47	54	53	4,732	5,351
	12/27/07	47	52	51	4,946	5,234
	12/28/07	53	49	49	4,666	5,113

	12/29/07	48	51	51	4,698	5,208
	12/30/07	49	54	53	4,774	5,361
	12/31/07	63	62	62	6,043	5,939
	1/1/08	75	77	77	7,047	6,931
	1/2/08	70	68	69	6,254	6,392
	1/3/08	50	52	52	5,142	5,294
	1/4/08	51	51	51	4,909	5,199
	1/5/08	44	46	45	3,947	4,843
	1/6/08	35	35	35	3,553	4,142
	1/7/08	36	36	36	3,867	4,235
	1/8/08	44	49	48	4,951	5,023
	1/9/08	50	48	49	4,750	5,052
	1/10/08	44	48	47	4,972	4,976
	1/11/08	48	50	50	5,041	5,155
	1/12/08	58	57	57	5,056	5,641
	1/13/08	60	67	66	6,503	6,230
	1/14/08	75	80	79	7,670	7,085
	1/15/08	68	68	68	5,961	6,384
	1/16/08	63	64	64	7,017	6,073
	1/17/08	69	72	72	7,039	6,618
	1/18/08	83	81	82	8,296	7,267
	1/19/08	85	85	85	8,050	7,485
	1/20/08	83	82	82	7,537	7,325
	1/21/08	73	71	71	7,473	6,581
	1/22/08	77	71	72	7,554	6,623
	1/23/08	83	81	81	8,307	7,253
	1/24/08	70	75	74	7,122	6,782
	1/25/08	63	62	62	5,839	5,962
	1/26/08	50	60	59	5,280	5,743
	1/27/08	49	48	48	4,130	5,049
	1/28/08	39	48	47	5,343	4,939
	1/29/08	81	85	84	9,192	7,441
	1/30/08	92	87	88	8,515	7,674
	1/31/08	73	74	74	7,244	6,731
	2/1/08	55	55	55	5,446	5,459
	2/2/08	49	56	55	5,906	5,492
	2/3/08	48	47	47	4,908	4,940
	2/4/08	42	51	50	5,000	5,123
	2/5/08	59	72	70	6,588	6,516
	2/6/08	62	69	68	5,756	6,350
	2/7/08	48	56	55	5,025	5,480
	2/8/08	47	47	47	4,947	4,968
	2/9/08	75	71	72	8,062	6,620
	2/10/08	97	91	92	8,235	7,955
	2/11/08	81	77	77	7,354	6,975
	2/12/08	60	61	61	6,220	5,884
	2/13/08	66	65	65	6,526	6,165
	2/14/08	78	79	79	7,753	7,087
	2/15/08	80	69	71	6,763	6,550
	2/16/08	52	46	47	4,408	4,965
	2/17/08	57	57	57	6,585	5,594
	2/18/08	78	83	82	7,837	7,289
	2/19/08	84	90	89	8,408	7,756
	2/20/08	81	89	88	8,011	7,702
	2/21/08	72	71	71	6,062	6,571
	2/22/08	57	56	56	5,316	5,537
	2/23/08	52	56	55	4,413	5,492
	2/24/08	44	47	47	4,305	4,931
	2/25/08	49	59	58	5,350	5,663
	2/26/08	53	51	51	5,357	5,227
	2/27/08	57	54	54	4,988	5,421
	2/28/08	54	46	47	4,697	4,983
	2/29/08	56	53	54	5,402	5,395
	3/1/08	54	54	54	4,341	5,394
	3/2/08	52	50	50	5,559	5,164
	3/3/08	69	68	68	6,169	6,355
	3/4/08	54	54	54	5,431	5,408
	3/5/08	62	66	65	6,433	6,158
	3/6/08	76	77	77	7,475	6,975
	3/7/08	74	78	77	6,520	6,965
	3/8/08	60	61	61	5,439	5,868
	3/9/08	56	64	62	5,368	5,987
	3/10/08	48	48	48	4,189	5,023
	3/11/08	31	36	35	3,447	4,168
	3/12/08	35	31	32	3,559	3,923
	3/13/08	35	33	33	3,663	4,022
	3/14/08	47	45	45	4,797	4,822
	3/15/08	48	52	51	4,311	5,239
	3/16/08	46	48	48	3,735	4,990
	3/17/08	37	38	38	3,849	4,316
	3/18/08	36	31	31	3,787	3,897
	3/19/08	37	35	35	3,697	4,142
	3/20/08	44	39	40	3,764	4,458
	3/21/08	38	36	36	3,732	4,214
	3/22/08	36	39	38	3,801	4,379
	3/23/08	47	52	51	4,327	5,245
	3/24/08	47	46	46	4,097	4,895
	3/25/08	40	36	36	4,133	4,229
	3/26/08	44	40	41	4,166	4,544
	3/27/08	43	41	41	3,878	4,546
	3/28/08	39	40	40	3,222	4,488
	3/29/08	34	34	34	3,196	4,084
	3/30/08	35	35	35	3,489	4,116
MERC	3/31/08	37	36	36	4,073	4,236
	4/1/08	37	35	36	3,580	4,182
	4/2/08	36	27	28	3,505	3,693
	4/3/08	27	23	24	2,709	3,400

4/4/08	26	21	22	2,336	3,243
4/5/08	31	31	31	2,632	3,853
4/6/08	41	40	40	3,938	4,506
4/7/08	34	33	33	3,526	4,026
4/8/08	38	29	30	3,141	3,830
4/9/08	34	27	28	2,920	3,676
4/10/08	34	29	30	3,847	3,782
4/11/08	40	38	38	3,784	4,376
4/12/08	36	30	31	3,174	3,861
4/13/08	36	29	30	2,829	3,818
4/14/08	32	25	26	2,735	3,536
4/15/08	17	12	13	1,990	2,673
4/16/08	21	17	18	2,690	3,002
4/17/08	25	22	22	2,355	3,308
4/18/08	23	19	19	1,913	3,105
4/19/08	23	18	19	1,584	3,059
4/20/08	20	13	14	1,791	2,728
4/21/08	21	23	23	2,780	3,325
4/22/08	23	21	22	2,293	3,254
4/23/08	24	23	23	1,796	3,325
4/24/08	24	23	23	2,852	3,370
4/25/08	40	41	41	4,044	4,532
4/26/08	45	37	38	3,874	4,369
4/27/08	40	36	37	3,056	4,278
4/28/08	41	34	35	2,755	4,129
4/29/08	29	25	26	2,447	3,525
4/30/08	27	16	18	2,075	3,008
5/1/08	21	14	15	2,245	2,821
5/2/08	23	22	22	2,997	3,273
5/3/08	27	21	22	2,069	3,255
5/4/08	21	14	15	1,839	2,784
5/5/08	27	18	19	1,894	3,094
5/6/08	12	4	6	1,491	2,171
5/7/08	22	18	18	1,866	3,026
5/8/08	26	20	20	1,986	3,172
5/9/08	20	15	15	1,469	2,835
5/10/08	29	27	27	2,529	3,624
5/11/08	25	21	22	1,655	3,275
5/12/08	23	11	13	1,921	2,645
5/13/08	26	19	20	2,485	3,123
5/14/08	17	16	16	1,434	2,884
5/15/08	9	4	5	1,341	2,132
5/16/08	9	3	4	1,018	2,084
5/17/08	13	9	10	1,244	2,460
5/18/08	22	15	16	1,189	2,894
5/19/08	23	11	13	1,687	2,657
5/20/08	19	15	16	1,545	2,844
5/21/08	21	15	16	1,215	2,876
5/22/08	15	8	9	1,098	2,394
5/23/08	9	2	3	903	2,022
5/24/08	8	2	3	733	2,015
5/25/08	0	0	0	687	1,801
5/26/08	18	15	16	1,387	2,846
5/27/08	21	16	17	1,279	2,914
5/28/08	14	3	5	1,080	2,123
5/29/08	7	6	6	1,328	2,183
5/30/08	7	3	4	1,025	2,057
5/31/08	8	1	2	813	1,943
6/1/08	2	0	0	790	1,823
6/2/08	9	10	10	1,269	2,451
6/3/08	16	15	15	1,605	2,789
6/4/08	16	6	8	1,213	2,320
6/5/08	10	8	8	1,286	2,347
6/6/08	8	6	6	956	2,217
6/7/08	1	0	0	710	1,812
6/8/08	6	4	4	805	2,101
6/9/08	8	8	8	1,068	2,317
6/10/08	14	9	10	1,175	2,447
6/11/08	20	13	14	1,480	2,745
6/12/08	4	7	6	1,105	2,228
6/13/08	10	6	6	933	2,231
6/14/08	3	0	0	747	1,834
6/15/08	13	10	10	950	2,492
6/16/08	8	4	5	1,045	2,124
6/17/08	7	0	1	963	1,875
6/18/08	5	0	1	934	1,853
6/19/08	0	0	0	885	1,801
6/20/08	0	0	0	730	1,801
6/21/08	1	0	0	620	1,812
6/22/08	3	0	0	724	1,834
6/23/08	2	0	0	896	1,822
6/24/08	0	0	0	852	1,801
6/25/08	0	0	0	942	1,801
6/26/08	0	0	0	914	1,801
6/27/08	0	0	0	806	1,801
6/28/08	9	4	4	746	2,094
6/29/08	0	0	0	769	1,801
6/30/08	0	0	0	939	1,801
Totals	10,845	10,209	10,304	1,091,586	1,349,547

* Volumes include interruptible and transportation volumes except for transportation volumes that are not located behind MERC citygates.

MERC

** Design Model numbers are used to calculate firm volumes only

MINNESOTA ENERGY RESOURCES - PNG

Attachment 11

Customer Counts by PGAC Class - July 1, 2007 through June 30, 2008
VGT

Rate Class	Tariff Rate Designation	Jul-07 Average Customers	Aug-07 Average Customers	Sep-07 Average Customers	Oct-07 Average Customers	Nov-07 Average Customers	Dec-07 Average Customers	Jan-08 Average Customers	Feb-08 Average Customers	Mar-08 Average Customers	Apr-08 Average Customers	May-08 Average Customers	Jun-08 Average Customers
Residential w/ Heat	MN004	3,769	3,966	3,717	3,711	3,857	3,809	3,836	3,828	3,903	3,867	3,922	4,075
Residential w/o Heat	MN003	74	76	76	72	77	75	80	76	74	77	73	75
Commercial-SV	MN051/072	296	316	295	302	318	300	312	309	307	308	316	330
Commercial-LV	MN073	8	8	8	8	8	8	8	8	8	8	8	8
Industrial-SV	MN058	0	0	0	0	0	0	0	0	0	0	0	0
Industrial-LV	MN061	379	396	386	387	406	391	399	391	388	391	385	419
SV-Interruptible	MN105/126	18	19	23	23	20	25	24	20	20	26	44	33
LV-Interruptible	MN223	0	0	0	0	0	0	0	0	0	0	0	0
Transport	MN586/70A/76A	8	8	9	5	9	8	9	9	10	9	4	6
Total		4,552	4,789	4,514	4,508	4,695	4,616	4,668	4,641	4,710	4,686	4,752	4,946