85 7th Place East, Suite 500, St. Paul, MN 55101-2198
Main: 651.539.1500
Fax: 651.539.1549

mn.gov/commerce/energy

October 3, 2013

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G011/M-13-669

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

> A request by Minnesota Energy Resources Corporation (MERC or the Company) for approval by the Minnesota Public Utilities Commission (Commission) of a change in demand entitlement for its customers served off of the Consolidated system effective in the Purchased Gas Adjustment (PGA) on November 1, 2013.

The filing was submitted on August 1, 2013. The petitioner is:

> Gregory J. Walters
> Minnesota Energy Resources Corporation
> 3460 Technology Drive NW
> Rochester, MN 55901

Based on its investigation, the Department recommends that the Commission:

- **allow** MERC to recover storage gas costs through the commodity portion of the PGA, rather than the demand portion;
- **accept** MERC-Consolidated's peak-day analysis with the caveat that the Department cannot fully verify the results of MERC's analysis as mentioned herein;
- **accept** MERC-Consolidated's proposed level of demand entitlement; and
- **allow** the proposed recovery of associated demand costs effective November 1, 2013.

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

Sincerely,

/s/ MICHELLE ST. PIERRE
Financial Analyst

/s/ SACHIN SHAH
Rates Analyst

MS/SS/sm

Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. G011/M-13-669

I. SUMMARY OF COMPANY'S PROPOSAL

Pursuant to Minnesota Rules 7825.2910, subpart 2, Minnesota Energy Resources Corporation-(MERC or the Company) filed a change in demand entitlement petition (Petition) on August 1, 2013 for its customers served off of the Consolidated system.[1] The MERC-Consolidated customers are served from three transmission pipelines: Great Lakes Gas Transmission, L.P. (GLGT), Viking Gas Transmission Co. (Viking), and Centra Pipeline Minnesota, Inc. (Centra). In its Petition, MERC requested that the Minnesota Public Utilities Commission (Commission) accept the following changes in the Company's overall level of contracted capacity.[2]

Table 1

The Company's Proposed Total Entitlement Changes	
Type of Entitlement	Proposed Changes: increase (decrease) (Dkt)[3]
Wadena Delivered Call Option	(2,000)
Total Entitlement Net Change	**(2,000)**

[1] In its July 1, 2013 rearrangement/consolidation of its four Purchased Gas Adjustment (PGA) systems, MERC named the PGA for the NNG customers "MERC-NNG." MERC's other PGA systems were combined and named "MERC-Consolidated." On August 1, 2013, MERC filed a demand entitlement request for MERC-NNG in Docket No. G011/M-13-670.

[2] MERC noted in its August 1, 2013 cover letter that any updated information will be provided with its November 1, 2013 filing. On October 1, 2013, the Department spoke with Company personnel and no update is expected for MERC-Consolidated.

[3] Dekatherms (Dkt).

For Viking capacity, MERC proposed to reduce its Wadena Delivered Call Option by 2,000 from 3,500 to 1,500.[4] Further, there is no planned change in winter capacity on either GLGT or Centra.[5] As discussed further below, MERC's projected 2013-2014 design-day requirements (overall needs of its firm customers on a design day) decreased by 2,241 Dkt (or approximately 4.29 percent) from the previous year.

MERC-Consolidated has AECO Storage. To deliver the supply from storage to the MERC-Consolidated customers, MERC enters into an swap where MERC sells gas at the AECO storage point to a supplier and buys an equivalent volume at Emerson/Spruce which MERC then transports to its customers. MERC stated that it plans to enter into an AECO/ Emerson swap and that there are no planned changes in swap volume from the previous year.[6]

The Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) does not oppose MERC's proposed change. As discussed below, the effect of the above proposed change is a decrease in demand costs for the General Service and Large General Service customers.

II. THE DEPARTMENT'S ANALYSIS OF THE COMPANY'S PROPOSAL

The Department's analysis of the Company's request includes the:

- storage costs allocated to commodity costs;
- changes to capacity;
- design-day requirement;
- reserve margin; and
- PGA cost recovery proposal.

A. STORAGE COSTS

The Department has advocated in several recent demand entitlement filings[7] that demand costs associated with storage contracts be recovered through the commodity portion of the PGA since all customers, not just firm customers, benefit from stored gas. The Commission has not yet determined whether storage-related costs are more appropriately recovered through the commodity or through the demand portion of MERC's PGAs.

[4] The Wadena Delivered Call Option contract allows MERC to call on a supplier for use of its transportation on peak days at a Wadena delivery point. Thus, the Department does not consider the Wadena Delivered Call Option a financial hedge.

[5] Petition pages 15-16. The Department notes that there are no page numbers on the Petition.

[6] Petition, page 16.

[7] See the Commission's February 6, 2008 Order in Docket No. E,G999/AA-06-1208, for more background.

The Department notes that the Commission allowed CenterPoint Energy to allocate a portion of its storage costs to commodity costs in CenterPoint Energy's PGA.[8] Similarly, the Department recommends that the Commission allow MERC to recover storage gas costs through the commodity portion of the PGA, rather than the demand portion.

While the Department has been recommending this rate design change since MERC's 2007 demand entitlement dockets, the Department is aware that it would be problematic to implement such changes retroactively; as a result, the Department recommends that the Commission address this question of rate design and implement the change on a going-forward basis.

B. MERC'S PROPOSED CHANGES

1. Capacity

As indicated in DOC Attachments 1 and 2, the Company proposed to decrease its total entitlement level in Dkt as follows:

Table 2

Previous Entitlement (Dkt)	Proposed Entitlement (Dkt)	Entitlement Changes (Dkt)	Change From Previous Year (%)
54,959	52,959	(2,000)	-3.64%

As indicated in the current filing, MERC decreased is Wadena Call Option by 2,000 Dkt. As discussed below, the design day decreased by 2,241 Dkt. As also discussed below, MERC-Consolidated's reserve margin is reasonable. Therefore, the Department concludes that MERC-Consolidated's proposed level of demand entitlement is reasonable and recommends acceptance of the proposed level of capacity.

2. Design-Day Requirement

As indicated in DOC Attachment 2, the Company proposed to decrease its total design day in Dkt as follows:

Table 3

Previous Design Day (Dkt)	Proposed Design Day (Dkt)	Design Day Changes (Dkt)	Change From Previous Year (%)
52,289	50,048	(2,241)	-4.29%

[8] See the Commission's February 28, 2012 Order in Docket No. G008/M-07-561.

MERC provided significant discussion regarding its design-day calculation. The Department notes that the Company's design-day analysis is similar to the process that it has used in prior demand entitlement filings. MERC once again explored the use of additional weather variables in its review of other design-day regression models but did not use the variables in the Company's final design-day analysis. The Department does not oppose MERC's evaluation of other weather determinants in its efforts to produce the most robust design-day estimates possible; however, the Department notes that some of these additional data were taken from a proprietary source as was discussed in the Department's January 3rd, 10th, and March 12th, 2012 *Comments* in Docket Nos. G011/M-11-1082, G011/M-11-1083, and G011/M-11-1084 respectively. When a utility uses proprietary data in its analysis, the Department cannot fully verify that the results of the analysis are correct.

In addition, the issue of autocorrelation was discussed in the Department's March 4th, 2013 *Comments* in Docket Nos. G011/M-12-1192, G011/M-12-1193, G011/M-12-1194 and G011/M-12-1195 wherein the Department requested that, in future demand entitlement filings, MERC check the regression models it ultimately uses for autocorrelation and correct the model if autocorrelation is present. The Department notes that MERC corrected its models for autocorrelation in the present docket.

The Department recommends that the Commission accept MERC-Consolidated's peak-day analysis with the caveat that the Department cannot fully verify the results of MERC's analysis as mentioned above.

3. Reserve Margin

As indicated in DOC Attachment 2, the proposed reserve margin is 5.82 percent or 2,911 Dkt as follows:

Table 4

Total Entitlement (Dkt)	Design-day Estimate (Dkt)	Difference (Dkt)	Reserve Margin %	% Change From Previous Year
52,959	50,048	2,911	5.82%	0.71%

The proposed reserve margin of 5.82 percent represents an increase of 0.71 percent over last year's reserve margin of 5.11 percent.[9] Generally, a reserve margin up to five percent is not unreasonable. Even though the proposed reserve margin is slightly over five percent, the reserve margin is not unreasonable considering the July 1, 2013 rearrangement/consolidation of MERC's Viking, GLGTs, and Centra entitlements and design-day estimates. Based on this information and the Department's analysis of the Company's design-day analysis, the Department concludes that the reserve margin appears to be reasonable at this time.

[9] MERC's Attachment 3.

C. THE COMPANY'S PGA COST RECOVERY PROPOSAL

The Department compared MERC-NNG's August 2013 PGA to a projected November 2013 PGA as a means of highlighting its changes in demand costs (see DOC Attachment 3).[10] The Company's demand entitlement proposal would result in the following annual demand cost impacts:

- Annual bill decrease of $0.002 related to demand costs, or approximately 0.22 percent, for the average General Service customer consuming 90 Dkt annually;
- Annual bill decrease of $0.002 related to demand costs, or approximately 0.22 percent, for the average Large General Service customer consuming 4,932 Dkt annually;
- no demand cost impacts related to MERC-Consolidated's interruptible rate classes.

Based on its analysis, the Department recommends that the Commission allow the recovery of associated demand costs effective November 1, 2013.

III. THE DEPARTMENT'S RECOMMENDATIONS

Based on its investigation, the Department recommends that the Commission:

- allow MERC to recover storage gas costs through the commodity portion of the PGA, rather than the demand portion;
- accept MERC-Consolidated's peak-day analysis with the caveat that the Department cannot fully verify the results of MERC's analysis as mentioned above;
- accept MERC-Consolidated's proposed level of demand entitlement; and
- allow the proposed recovery of associated demand costs effective November 1, 2013.

/sm

---

[10] MERC attempted to make this comparison in its Attachments 4 and 11 (Attachment 11 is basically the same as Attachment 4 except for the summary at the bottom of the page). However, both attachments contained errors regarding the demand rates for the most recent PGA as well as the proposed demand charges. The Department discussed this with Company personnel. Subsequently, MERC's revised its Attachment 4, pages 1-3 of 6, which is included in DOC Attachment 4.

Department Attachment 1
Docket No. G011/M-13-669
MERC-consolidated's Demand Entitlement Historical and Current Proposal

Source: MERC's Attachment 6 2012-2013 Heating Season	Quantity (Mcf)	2013-2014 Heating Season	Quantity (Mcf)	Change in Quantity
FT Western Zone annual	10,130	FT Western Zone annual	10,130	0
FT Western Zone (12) annual	3,600	FT Western Zone (12) annual	3,600	0
FT Western Zone (5) winter	3,638	FT Western Zone (5) winter	3,638	0
FT Western Zone annual	9,000	FT Western Zone annual	9,000	0
FT-A Zone 1 - 1 annual	12,493	FT-A Zone 1 - 1 annual	12,493	0
FT-A Zone 1 - 1 winter	1,098	FT-A Zone 1 - 1 winter	1,098	0
FT-A Zone 1 - 1 annual	2,000	FT-A Zone 1 - 1 annual	2,000	0
Wadena Delivered GDD Call Option	3,500	Wadena Delivered GDD Call Option	1,500	(2,000)
Centra FT - 1 annual	9,500	Centra FT - 1 annual	9,500	0
Total Design Day Capacity	54,959	Total Design Day Capacity	52,959	(2,000)
Total Transportation	54,959	Total Transportation	52,959	(2,000)
Total Annual Transportation	46,723	Total Annual Transportation	46,723	0
Total Seasonal Transport	4,736	Total Seasonal Transport	4,736	0
Percent Seasonal	8.6%	Percent Seasonal	8.9%	0

Prepared by the Minnesota Department of Commerce

MERC-Consolidated
Reconciliation of Current Entitlements
G011/M-13-669

Source Items	Doc. 12-1194 MERC-PNG Viking	Current Entitlements
1	FT-A 12 months	5,488
2	FT-A 3 months	416
3	Wadena Option	1,325
	Total PNG Viking	7,229
Source	**Doc. 12-1192**	
	MERC-PNG GL	
4	T-17	3,923
5	FT-155 (12)	1,394
6	FT-155 (5)	1,409
7	FT 15782	3,486
	Total PNG GL	10,212
Source	**Doc. 12-1195**	
	MERC-NMU	
	VIK	
8	FT-A (AF0012)	7,762
9	FT-A (AF0014)	682
10	FT-A (AF0102)	1,243
	total Vik	9,687
	GL	
11	T-16	6,207
12	T-155 - 12	2,206
13	T-16 & T-155 - 5	2,229
14	TF15782 - 12	5,514
	Total GL	9,949
	Centra	
15	FT-1	9,500
16	Wadena Option	2,175
	Total NMU	37,518
	Total Entitlements	54,959

Doc. 13-669, MERC's Atth. 3, p.1 Entitlements per MERC's Atth. 3, p. 1		Current Entitlements	Add Items
FT Western Zone (GL)	FT0016	10,130	4+11
FT Western Zone (12)	FT0155 (12)	3,600	5+12
FT Western Zone (5)	FT0155 (5)	3,638	6+13
FT Western Zone	FT 15782	9,000	7+14
FT-A Zone 1-1	AF0012	12,493	1+7-757 *
FT-A Zone 1-1	AF0014 (3)	1,098	2+9
FT-A Zone 1-1	AF0102	2,000	10+757 *
Wadena Option		3,500	3+16
Centra FT-1		9,500	15
Total Entitlements		54,959	

*** 757 units subtracted or added to reconcile with MERC's figures.**

Prepared by the Mn Dept. of Commerce

Department Attachment 2
Docket No. G011/M-13-669
Demand Entitlement Analysis

MERC-Consolidated Demand Entitlement Analysis

	Number of Firm Customers			Design-Day Requirement			Total Entitlement Plus Peak Shaving			Reserve Margin	
Heating Season*	(1) Number of Customers	(2) Change from Previous Year	(3) % Change From Previous Year	(4) Design Day (Dth)	(5) Change from Previous Year	(6) % Change From Previous Year	(7) Total Design-Day Capacity (Dth)	(8) Change from Previous Year	(9) % Change From Previous Year	(10) Reserve (7) - (4)	(11) % of Reserve [(7)-(4)]/(4)
2013-2014	34,007	0	0.00%	50,048	(2,241)	-4.29%	52,959	(2,000)	-3.64%	2,911	5.82%
2012-2013*	34,007			52,289			54,959				
Average:			0.00%			-4.29%			-3.64%		5.82%

* 2012-2013 figures are from MERC-Consolidated Attachment 3, page 1 of 1.

	Firm Peak-Day Sendout						
Heating Season*	(12) Firm Peak-Day Sendout (Dth)	(13) Change from Previous Year	(14) % Change From Previous Year	(15) Excess per Customer [(7) - (4)]/(1)	(16) Design Day per Customer (4)/(1)	(17) Entitlement per Customer (7)/(1)	(18) Peak-Day Send per Customer (12)/(1)
2013-2014	unknown			0.0856	1.4717	1.5573	unknown
Average			#DIV/0!	0.0856	1.4717	1.5573	#DIV/0!

DOC Attachment 3
MERC -Consolidated
Rate Impacts
G011/M-13-669

General Service-Residential	Base Cost of Gas Change MR10-978	Demand Change Nov. 2013	Last Demand Change Jan. 13	Most Recent PGA Aug. 2013	Nov. 1, 2013 w/ Proposed Demand Changes	% Change From Last Rate Case	% Change From Last Demand Filing	% Change From Last PGA	$ Change From Last PGA
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8158	$4.1250	-11.40%	21.61%	8.10%	$0.3092
Demand Cost	$1.0639	$1.3431	$1.4012	$0.9176	$0.9156	-13.94%	-34.66%	-0.22%	($0.0020)
Margin	$1.9754	$2.4189	$1.9754	$1.9754	$1.9754	0.00%	0.00%	0.00%	$0.0000
Total Cost of Gas	$7.6948	$7.1308	$6.7687	$6.7088	$7.0160	-8.82%	3.65%	4.58%	$0.3072
Average Annual Use	90	90	90	90	90				
Average Annual Cost of Gas*	$692.53	$641.77	$609.18	$603.79	$631.44	-8.82%	3.65%	4.58%	$27.65

Large General Service	Base Cost of Gas Change MR10-978	Demand Change Nov. 2013	Last Demand Change Jan. 13	Most Recent PGA Aug. 2013	Nov. 1, 2013 w/ Proposed Demand Changes	% Change From Last Rate Case^^	% Change From Last Demand Filing	% Change From Last PGA	$ Change From Last PGA
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8158	$4.1250	-11.40%	21.61%	8.10%	$0.3092
Demand Cost	$1.0639	$1.3431	$1.4012	$0.9176	$0.9156	-13.94%	-34.66%	-0.22%	($0.0020)
Margin	$1.6868	$2.1856	$1.6868	$1.6868	$1.6868	0.00%	0.00%	0.00%	$0.0000
Total Cost of Gas	$7.4062	$6.8975	$6.4801	$6.4202	$6.7274	-9.17%	3.82%	4.78%	$0.3072
Average Annual Use	4,932	4,932	4,932	4,932	4,932				
Average Annual Cost of Gas*	$36,527.38	$34,018.47	$31,959.85	$31,664.43	$33,179.54	-9.17%	3.82%	4.78%	$1,515.11

SV Interruptible Service	Base Cost of Gas Change MR10-978	Demand Change Nov. 2013	Last Demand Change Jan. 13	Most Recent PGA Aug. 2013	Nov. 1, 2013 w/ Proposed Demand Changes	% Change From Last Rate Case^^	% Change From Last Demand Filing	% Change From Last PGA	$ Change From Last PGA
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8158	$4.1250	-11.40%	21.61%	8.10%	$0.3092
Commodity Margin	$1.0647	$1.0628	$1.0647	$1.0647	$1.0647	0.00%	0.00%	0.00%	$0.0000
Total Cost of Gas	$5.7202	$4.4316	$4.4568	$4.8805	$5.1897	-9.27%	16.44%	6.34%	$0.3092
Average Annual Use	6,068	6,068	6,068	6,068	6,068				
Average Annual Cost of Gas*	$34,710.17	$26,890.95	$27,043.86	$29,614.87	$31,491.10	-9.27%	16.44%	6.34%	$1,876.23

LV Interruptible Service	Base Cost of Gas Change MR10-978	Demand Change Nov. 2013	Last Demand Change Jan. 13	Most Recent PGA Aug. 2013	Nov. 1, 2013 w/ Proposed Demand Changes	% Change From Last Rate Case^^	% Change From Last Demand Filing	% Change From Last PGA	$ Change From Last PGA
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8158	$4.1250	-11.40%	21.61%	8.10%	$0.3092
Commodity Margin	$0.3568	$0.3164	$0.3568	$0.3568	$0.3568	0.00%	0.00%	0.00%	$0.0000
Total Cost of Gas	$5.0123	$3.6852	$3.7489	$4.1726	$4.4818	-10.58%	19.55%	7.41%	$0.3092
Average Annual Use	40,821	40,821	40,821	40,821	40,821				
Average Annual Cost of Gas*	$204,607.10	$150,433.55	$153,033.85	$170,329.70	$182,951.56	-10.58%	19.55%	7.41%	$12,621.85

Change Summary	Commodity Change $/Mcf	Commodity Change %	Demand Change $/Mcf	Demand Change %	Total Change $/Mcf	Total Change %	Average Annual Change
General Service	$0.3092	30.92%	($0.0022)	-0.22%	$0.3072	4.58%	$27.65
Large General Service	$0.3092	30.92%	($0.0022)	-0.22%	$0.3072	4.78%	$1,515.11
SV Interruptible Service	$0.3092	30.92%	$0.0000	0.00%	$0.3092	6.34%	$1,876.23
LV Interruptible Service	$0.3092	30.92%	$0.0000	0.00%	$0.3092	7.41%	$12,621.85

* Average Annual Bill amount does not include customer charges.

Revised Attachment 4

MINNESOTA ENERGY RESOURCES - Consolidated

RATE IMPACT OF THE PROPOSED DEMAND CHANGE

NOVEMBER 1, 2013

All costs in $/Dth	Last Base Cost of Gas G007,G011/ MR10-978*	Demand Change G011- 12-119x Nov. '12	Last Demand Change G011- 10-977 Jan. '13	Most Recent PGA** Aug. 2013	Current Proposal Effective Nov.1,2013	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-Residential Avg. Annual Use:				90	Dth				
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8127	$4.1248	-11.40%	-15.75%	8.19%	$0.3121
Demand Cost	$1.0639	$1.3431	$1.4012	$0.9176	$0.9156	-13.94%	-11.04%	-0.21%	($0.0020)
Commodity Margin	$1.9754	$2.4189	$1.9754	$1.9754	$1.9754	0.00%	0.00%	0.00%	$0.0000
Total Cost of Gas	$7.6948	$7.1308	$6.7687	$6.7057	$7.0158	-8.82%	-9.52%	4.62%	$0.3101
Avg Annual Cost	$692.53	$641.77	$609.18	$603.51	$631.42	-8.82%	-9.52%	4.62%	$27.91
Effect of proposed commodity change on average annual bills:									$28.09
Effect of proposed demand change on average annual bills:									($0.18)
2) Large General Service: Avg. Annual Use:				4,932	Dth				
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8127	$4.1248	-11.40%	22.44%	8.19%	$0.3121
Demand Cost	$1.0639	$1.3431	$1.4012	$0.9176	$0.9156	-13.94%	-31.83%	-0.21%	($0.0020)
Commodity Margin	$1.6868	$2.1856	$1.6868	$1.6868	$1.6868	0.00%	-22.82%	0.00%	$0.0000
Total Cost of Gas	$7.4062	$6.8975	$6.4801	$6.4171	$6.7272	-9.17%	-2.47%	4.83%	$0.3101
Avg Annual Cost	$36,527.38	$34,018.47	$31,959.85	$31,649.14	$33,178.71	-9.17%	-2.47%	4.83%	$1,529.57
Effect of proposed commodity change on average annual bills:									$1,539.28
Effect of proposed demand change on average annual bills:									($9.71)
3) SV Interruptible Service: Avg. Annual Use:				6,068	Dth				
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8127	$4.1248	-11.40%	22.44%	8.19%	$0.3121
Commodity Margin	$1.0647	$1.0628	$1.0647	$1.0647	$1.0647	0.00%	0.18%	0.00%	$0.0000
Total Cost of Gas	$5.7202	$4.4316	$4.4568	$4.8774	$5.1895	-9.28%	17.10%	6.40%	$0.3121
Avg Annual Cost	$34,710.17	$26,890.95	$27,043.86	$29,596.06	$31,489.89	-9.28%	17.10%	6.40%	$1,893.82
Effect of proposed commodity change on average annual bills:									$1,893.82
4) LV Interruptible Service: Avg. Annual Use:				40,821	Dth				
Commodity Cost	$4.6555	$3.3688	$3.3921	$3.8127	$4.1248	-11.40%	22.44%	8.19%	$0.3121
Commodity Margin	$0.3568	$0.3164	$0.3568	$0.3568	$0.3568	0.00%	12.77%	0.00%	$0.0000
Total Cost of Gas	$5.0123	$3.6852	$3.7489	$4.1695	$4.4816	-10.59%	21.61%	7.49%	$0.3121
Avg Annual Cost	$204,607.10	$150,433.55	$153,033.85	$170,203.16	$182,943.39	-10.59%	21.61%	7.49%	$12,740.23
Effect of proposed commodity change on average annual bills:									$12,740.23

Note: Average Annual Average based on PNG Annual Automatic Adjustment Report in Docket No. E,G999/AA-12-756

*As approved in Docket No. G007,011/MR-10-978; with implementation consolidated PGA rates on 7/1/13 in Docket No. G007,011/MR-10-977

Revised

MINNESOTA ENERGY RESOURCES - CONSOLIDATED

DEMAND									Cost/Ccf
Contract Type			Monthly Entitlement		Rate		Contract	Rate Case Sales	
Viking (VGT)	Contract	Season	(Dth)	Months	($/Dth)		Costs	(therms)	
FT-A ZONE 1 - 1	AF0012	Annual	12,493	12	$3.4671	$	519,774	43,198,700	$0.01203
FT-A ZONE 1 - 1	AF0014 (3)	Winter	1,098	3	$3.4671	$	11,421	43,198,700	$0.00026
FT-A ZONE 1 - 1	AF0102	Annual	2,000	12	$3.4671	$	83,210	43,198,700	$0.00193
Wadena Delivered GDD Option		Winter	1,500	3	$1.1998	$	4,050	43,198,700	$0.00009
Balancing Agreement	ML0021	Annual	7,465	12	$1.0000	$	89,580	43,198,700	$0.00207
VGT Demand			17,091			$	**708,035**	43,198,700	**$0.01639**
Great Lakes (GLGT)									
FT Western Zone	FT0016	Annual	10,130	12	$3.4580	$	420,354	43,198,700	$0.00973
FT Western Zone (12)	FT0155 (12)	Annual	3,600	12	$3.4580	$	149,386	43,198,700	$0.00346
FT Western Zone (5)	FT0155 (5)	Winter	3,638	5	$3.4580	$	62,901	43,198,700	$0.00146
FT Western Zone	FT15782	Annual	9,000	12	$3.4580	$	373,464	43,198,700	$0.00865
GLGT Demand			26,368			$	**1,006,105**	43,198,700	**$0.02329**
Centra									
CENTRA TRANSMISSION	($Cdn/103M3)				$198.0000				
Conversion (103M3 x Rate(C$ 103M3)		Annual	9,500	12	$5.8117	$	662,537	43,198,700	$0.01534
Union Balancing		Annual	4,500	12	$1.0000	$	54,000	43,198,700	$0.00125
CENTRA MINNESOTA PIPELINES		Annual	9,500	12	$1.7780	$	202,692	43,198,700	$0.00469
Centra Demand						$	**919,229**	43,198,700	**$0.02128**
AECO									
Niska Storage (AECO)		Annual	947,820	1	$0.9548	$	905,000	43,198,700	$0.02095
AECO/Emerson Swap		Annual	947,823	1	$0.4400	$	417,042	43,198,700	$0.00965
AECO Demand						**$**	**1,322,042**	**43,198,700**	**$0.03060**
Consolidated DEMAND - $/Ccf			**43,459**			**$**	**3,955,411**		**$0.09156**

For Joint Rate Demand **43,198,700** **Annual Firm Sales in therms**

	Units Dth's	Months	Annual Dth's
Viking (VGT)			
FT-A ZONE 1 - 1	12,493	12	149,916
FT-A ZONE 1 - 1	1,098	3	3,294
FT-A ZONE 1 - 1	2,000	12	24,000
Wadena Delivered GDD Option	1,500	3	4,500
Balancing Agreement	7,465	12	89,580
Great Lakes (GLGT)			
FT Western Zone	10,130	12	121,560
FT Western Zone (12)	3,600	12	43,200
FT Western Zone (5)	3,638	5	18,190
FT Western Zone	9,000	12	108,000
Centra			
CENTRA TRANSMISSION			
Conversion (103M3 x Rate(C$ 103M3)	9,500	12	114,000
Union Balancing	4,500	12	54,000
CENTRA MINNESOTA PIPELINES	9,500	12	114,000

Total Demand Cost	$	3,955,411	
Total Demand Weighted Vol in Mcf		5,866,600	
Total Joint Demand Rate $/Mcf			**$0.67423**

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
Comments

Docket No. G011/M-13-669

Dated this **3rd** day of **October, 2013**

/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_13-669_M-13-669
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_13-669_M-13-669
Michael	Bradley	bradleym@moss-barnett.com	Moss & Barnett	4800 Wells Fargo Ctr 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	OFF_SL_13-669_M-13-669
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_13-669_M-13-669
Daryll	Fuentes	N/A	USG	550 W. Adams Street Chicago, IL 60661	Paper Service	No	OFF_SL_13-669_M-13-669
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_13-669_M-13-669
Richard	Haubensak	RICHARD.HAUBENSAK@CONSTELLATION.COM	Constellation New Energy Gas	Suite 200 12120 Port Grace Boulevard La Vista, NE 68128	Electronic Service	No	OFF_SL_13-669_M-13-669
Amber	Lee	lee.amber@dorsey.com	Briggs and Morgan	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_13-669_M-13-669
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_13-669_M-13-669
Brian	Meloy	brian.meloy@leonard.com	Leonard, Street & Deinard	150 S 5th St Ste 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_13-669_M-13-669

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_13-669_M-13-669
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_13-669_M-13-669
Gregory	Walters	gjwalters@minnesotaenergyresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW Rochester, MN 55901	Electronic Service	No	OFF_SL_13-669_M-13-669