

December 8, 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-14-660

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 Northern Natural Gas Company (Northern) System Effective in the Purchased Gas Adjustment (PGA) on November 1, 2014.

The filing was submitted on August 1, 2014, and updated on November 3, 2014. The petitioner is:

Amber S. Lee
Minnesota Energy Resources Corporation
2665 145th Street West
Rosemount, MN 55068

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

- **accept** MERC-NNG's peak-day analysis with the caveat that the Department cannot fully verify the results of MERC's analysis as mentioned herein;
- **approve** MERC-NNG's proposed level of demand entitlement and proposed recovery of associated demand costs effective November 1, 2014, contingent on the Company providing in its reply comments clarification on its petition as requested herein by the Department.

The Department will provide its final recommendations after reviewing MERC's reply comments and is available to answer any questions that the Commission may have.

Sincerely,

/s/ SACHIN SHAH
Rates Analyst

SS/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. G011/M-14-660

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, 2014 for its customers served off of the Northern Natural Gas Company (NNG or Northern) system.¹ In its revised petition filed on November 3, 2014, MERC requested that the Minnesota Public Utilities Commission (Commission) accept the following changes in the Company's recovery of overall level of contracted capacity.²

Table 1: The Company's Proposed Total Entitlement Changes

Type of Entitlement	Proposed Changes: increase (decrease) (Dkt) ³
TF 12 Base	5,866
TF 12 Variable	(5,866)
TFX 5	30,000
TFX 5 (Max Rate)	6,000
TFX 5 (Discount Rate)	(6,000)
NNG Zone Delivery Call Option	(20,000)
Total Entitlement Net Change	10,000

MERC proposed to add 5-month capacity of 30,000 Dkt, reduce the NNG Zone Delivery Call Option capacity by 20,000 Dkt, increase the 12-month base capacity by 5,866 Dkt and reduce the 12-month variable capacity by the same amount. The net change to the design-day capacity is an increase of 10,000 Dkt. As discussed further below, MERC's projected

¹ In its December 21, 2012 Order in Docket No. G007,011/GR-10-977, the Commission approved consolidation of MERC's 4 PGA systems effective July 1, 2013. MERC named the PGA for the NNG customers "MERC-NNG." MERC's only other PGA system was named "MERC-Consolidated." On August 1, 2014, MERC filed a demand entitlement request for MERC-Consolidated in Docket No. G011/M-14-661.

² MERC noted in its August 1, 2014 cover letter that any updated information would be provided with its November 1, 2014 filing.

³ Dekatherms (Dkt).

2014-2015 design-day requirements (overall needs of its firm customers on a design day) increased by 15,124 Dkt (or approximately 6.15 percent) from the previous year.

MERC described the factors contributing to the change in demand entitlements as follows:

- In the previous Demand Entitlement filing, MERC had contracted for a NNG Zone Delivery Call Option of 20,000 Dth. MERC tried to purchase the same product for this Demand Entitlement period except the volume was 30,000 Dth but due to lack of firm deliverability by suppliers, MERC received no proposals to the Request-For-Proposal (RFP). As an alternative to the aforementioned product, MERC contracted for firm winter (November 1, 2014 through March 31, 2015) TFX capacity with NNG pipeline. Net change in Demand Entitlement from the previous filing is 10,000 Dth. The increase is necessary to meet the theoretical design day.⁴
- On MERC's NNG contract 112561, MERC contracted for 6,000 Dth/day capacity during the winter months (November through March). The 6,000 Dth/day capacity on this contract has been rolled into MERC's NNG contract 112486 and NNG contract 112561 has been terminated. This has no impact on total contracted capacity or costs. It merely reduced the number of contracts MERC has to deal with.⁵
- MERC's Firm Deferred Delivery (storage) decreased from a total Maximum Storage Quantity of 5,619,321 Dth to 5,469,321 Dth as indicated in "Other Entitlements Not Included in Peak Day Deliverability". This is a decrease of 150,000 Dth or approximately 2.67%. The decrease is due to LS Power reducing the amount of Firm Deferred Delivery storage that could be released and acquired. Per Docket No. G-007/M-07-1402-[sic]05 dated August 6th, 2014, storage demand and balancing charges will be allocated through the commodity charge effective November 1, 2014.⁶

The Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) discusses MERC's NNG contracts 112561 and 112486 below.

The Department concludes that MERC's proposed change appears to be reasonable, based on current information, but seeks additional details, confirmation and clarification from MERC in their reply comments. As discussed below, the effect of the above-proposed

⁴ Petition, page 12.

⁵ Petition, page 11.

⁶ Petition, page 12.

changes is a decrease in demand costs for the General Service customers and for the Small and Large Volume Firm (Joint) customers.

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

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

- MERC's Bison/Northern Border Pipeline (NBPL) contract;
- changes to capacity;
- design-day requirement;
- reserve margin; and
- PGA cost recovery proposal.

A. *BISON/NBPL CONTRACT*

MERC, in its Petition at page 11, states the following:

MERC contracted for capacity on Bison Pipeline for 50,000 Dth/day which went into service on January 14, 2011. The contracted capacity with Northern Border Pipeline (NBPL) went into effect at the in-service of Bison. This capacity does not add any incremental capacity but is utilized to deliver Rockies supply to NNG customers at Northern Border Pipeline (NBPL) interconnects with NNG.

It has been the DOC's position that the Bison/NBPL costs should be included in the commodity portion of the PGA, which is charged to firm and interruptible customers, rather than in the demand portion, which is charged only to firm customers, since all ratepayers benefit from supply diversification. Since the issue of Bison/NBPL costs has been thoroughly discussed in MERC's previous demand entitlement filings in Docket Nos. G011/M-10-1168, G007/M-10-1166 and G011/M-11-1084 as well as the specifics associated with the Bison Project which is discussed in greater detail in Docket No. G007,011/M-08-698, the DOC does not provide additional discussion here, but maintains its recommendations that the Bison/NBPL costs should be included in the commodity portion of the PGA. MERC has also agreed to the Department's Recommendation.⁷

⁷ In its November 29, 2011 supplemental reply comments in Docket Nos. G011/M-10-1168 and G007/M-10-1166, at page 2, MERC states the following:

MERC briefly discussed with Department staff the consequences of recovering costs associated with the Bison Contract through the commodity portion of the monthly PGA. MERC was concerned that recovery of the costs as recommended would artificially inflate the commodity costs so that those costs could not be effectively compared to those of other utilities. MERC, however, is unable to quantify how this recommended mode of recovery might negatively impact ratepayers, and it will agree to the Department's recommendations.

While the Department has been recommending this rate design change since MERC's 2010 demand entitlement dockets, the Department is aware that it would be problematic to implement such changes retroactively; as a result, the Department urges the Commission to 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 increase its total entitlement level in Dkt as follows:

Table 2

Filing	Previous Entitlement (Dkt)	Proposed Entitlement (Dkt)	Entitlement Changes (Dkt)	Change From Previous Year (%)
Aug 1, 2014	256,385	256,385	0	0%
Nov 3, 2014	256,385	266,385	10,000	3.90%

In the amended petition, MERC indicated that it purchased 5-month TFX capacity of 30,000 Dkt as a replacement for the NNG Zone Delivery Call Option of 20,000 Dkt which was not available. As discussed below, the design day requirement increased by 15,124 Dkt. As also discussed below, MERC-NNG's reserve margin is reasonable. Therefore, the Department concludes that MERC-NNG'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 increase its total design day in Dkt as follows:

Table 3

Filing	Previous Design Day (Dkt)	Proposed Design Day (Dkt)	Design Day Changes (Dkt)	Change From Previous Year (%)
Aug 1, 2014	245,878	245,878	0	0
Nov 3, 2014	245,878	261,002	15,124	6.15

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. However, MERC performed regressions by pipeline in the present docket. Considering the July 1, 2013 rearrangement/consolidation of MERC's NNG entitlements and design day estimates, this approach seems reasonable. The Department requests that MERC indicate in reply comments whether all of the contracted demand

volumes on the NNG pipeline are used to serve the firm customers who are charged for these costs.

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 also 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.

The Department notes that in MERC's analysis for Ortonville the Company used a regression model with a negative intercept term without providing a reasonable explanation for why it would be appropriate to do so. Using a negative intercept term in a regression model, *ceteris paribus*, would tend to imply that MERC would not need any pipeline entitlements (capacity) for baseload usage; rather its customers are supplying the baseload natural gas to MERC which seems implausible.

The Department notes that MERC appropriately corrected its models for autocorrelation, as 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 appreciates MERC's attention to this issue.

The Department recommends that the Commission accept MERC-NNG's peak-day analysis with the caveat that the Department cannot fully verify the results of MERC's analysis as mentioned above. Further, the Department requests that in its future demand entitlement filings, MERC check the regression models it ultimately uses to make sure the models appear reasonable, e.g., that no negative intercept terms are in the models.

3. *Reserve Margin*

As indicated in DOC Attachment 2, the proposed reserve margin is 5,383 Dkt as follows:

Table 4

Filing	Total Entitlement (Dkt)	Design-day Estimate (Dkt)	Difference (Dkt)	Reserve Margin %	% Change From Previous Year
Aug 1, 2014	256,385	245,878	10,507	4.27	0.91
Nov 3, 2014	266,385	261,002	5,383	2.06	-2.21

The proposed reserve margin of 2.06 percent represents a decrease of 2.21 percent over last year's reserve margin of 4.27 percent.⁸ Generally, a reserve margin up to five percent is not unreasonable. Based on this information, considering the July 1, 2013 rearrangement or consolidation of MERC's NNG entitlements and the Department's assessment of the Company's design-day analysis, the Department concludes that the reserve margin appears to be reasonable at this time.

C. *THE COMPANY'S PGA COST RECOVERY PROPOSAL*

In its Petition, the Company compared its October 2014 PGA to its November 2014 PGA to highlight its changes in demand costs (MERC Attachment 4, Page 1 of 3)⁹. The Company's demand entitlement proposal would result in the following annual demand cost impacts¹⁰:

- Annual bill decrease of \$7.65 related to demand costs, or approximately 4.62 percent, for the average General Service customer consuming 93 Dkt annually;
- Annual bill decrease of \$39.85 related to demand costs, or approximately 8.44 percent, for the average Small Volume Firm customer consuming 6,699 Dkt annually;
- Annual bill decrease of \$119.55 related to demand costs, or approximately 8.44 percent, for the average Large Volume Firm customer consuming 42,000 Dkt annually;
- no demand cost impacts related to MERC-PNG NNG's interruptible rate classes.

In MERC's Attachment 4, pages 2 and 3 of 3, and in Attachment 12, the pipeline rates for NNG's TF12B and TFX 5 (Discount) all changed. In addition, MERC stated the following:

⁸ MERC Attachment 3.

⁹ MERC has similar information in its Attachment 11.

¹⁰ The demand cost changes between the October and November PGAs are not an apples-to-apples comparison as MERC included the demand costs associated with storage contracts in the demand portion of rates for October 2014. The Department had previously advocated in several recent demand entitlement filings 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 in its August 6, 2014 *Order* in MERC's 2007-2008 demand entitlement Petitions, determined that storage-related costs are more appropriately recovered through the commodity portion of MERC's PGAs, effective November 1, 2014. As a result, the November PGA reflects the Commission's decision. Thus, on a going forward basis, the comparisons in demand costs should be an apples-to-apples comparison.

- On MERC's NNG contract 112561, MERC contracted for 6,000 Dth/day capacity during the winter months (November through March). The 6,000 Dth/day capacity on this contract has been rolled into MERC's NNG contract 112486 and NNG contract 112561 has been terminated. This has no impact on total contracted capacity or costs. It merely reduced the number of contracts MERC has to deal with.¹¹

However, the changes in contracts 112561 and 112486 and associated entitlement amounts referenced above did result in a net increase in costs of approximately \$317,790 contrary to MERC's claim of "no impact on total contracted capacity or costs." MERC did not provide detailed explanations for why this change would be reasonable in its petition or amended petition.

In its November PGA filed in Docket No. G011/AA-14-940, MERC did not provide the relevant Federal Energy Regulatory Commission (FERC) pipeline tariff sheets showing the changes in the pipeline rates for NNG, which may have supported the cost change, nor did MERC provide any detailed explanation in that docket.

As a result, the Department requests that MERC provide additional details and clarification in their reply comments regarding the pipeline rates for NNG referenced above.

In addition, the Department requests that MERC supplement its November PGA filing in Docket No. G011/AA-14-940 with the relevant FERC pipeline tariff sheets and associated details/clarifications for the changes in NNG rates referenced above.

III. THE DEPARTMENT'S RECOMMENDATIONS

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

- accept MERC NNG's peak-day analysis with the caveat that the Department cannot fully verify the results of MERC's analysis as mentioned above;
- approve MERC- NNG's proposed level of demand entitlement, with the proposed recovery of associated demand costs effective November 1, 2014, contingent on the Company providing in its reply comments additional details, confirmation and clarification on its petition as requested herein for the following items:
 - additional details and clarification regarding the pipeline rates for NNG; and
 - explanation for why the changes in contracts 112561 and 112486 and associated entitlement amounts and associated increase in costs are reasonable.

¹¹ Petition, page 11.

The Department requests that MERC supplement its November PGA filing in Docket No. G011/AA-14-940 with the relevant FERC pipeline tariff sheets and associated details/clarifications for NNG rates mentioned earlier.

Further, the Department requests that in its future demand entitlement filings, MERC check the regression models it ultimately uses to make sure the models appear reasonable, e.g., that no negative intercept terms are in the models.

The Department will provide its final conclusions and recommendations regarding the Company's proposed recovery of overall demand costs and the proposed level of entitlements after reviewing the Company's reply comments.

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DOC Attachment 1
Docket No. G011/M-14-660
Page 1 of 2

	10-1168			11-1084			11-1088			12-558			12-559			12-1193			12-1195			13-670			14-660			14-660		
	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	NNG Total	NNG Total *	August Change	NNG Total	NNG Total	August Change	NNG Total	NNG Total	August Change			
NNG Design Day	194,598	23,615	218,213	211,182	23,778	234,960	211,182	23,778	234,960	211,182	23,778	234,960	200,785	25,003	225,883	***	245,878	245,878	0	0	0	261,002	261,002	0	15,124	15,124	0			
Customer Requirements moving to Transportation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Adjusted NNG Design Day	194,598	23,615	218,213	211,182	23,778	234,960	211,182	23,778	234,960	211,182	23,778	234,960	200,785	25,003	225,883	***	245,878	245,878	0	0	0	261,002	261,002	0	15,124	15,124	0			
Adjusted NNG Design Day Percentages	89.18%	10.82%	100.00%	89.88%	10.12%	100.00%	89.88%	10.12%	100.00%	89.88%	10.12%	100.00%	88.89%	11.07%	99.96%		100.00%	100.00%	0	0	0	100.00%	100.00%	0	100.00%	100.00%	0	0		
Total NNG Design Day Capacity	233,627	23,615	257,242	221,436	23,778	245,214	221,436	23,778	245,214	221,436	23,778	245,214	208,007	25,003	233,010		256,385	256,385	0	0	0	266,385	266,385	0	10,000	10,000	0			
Total NMU Design Day Capacity		23,615			23,778			23,778			23,778			25,003																
Less: NGPL adjusted for nonrecalleable releases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: Windom	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500	0	2,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: LS Power	25,951	3,149	29,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: Northwestern Energy (Ortonville)	0	0	0	910	0	910	910	0	910	910	0	910	910	0	910	0	910	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: Chisago delivery to Viking	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: TF12B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: TF5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: TFX(5)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Less: Contract Demand Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Total Design Day Capacity (excluding direct assignment)	205,176	50,379	255,555	219,846	47,556	267,402	219,846	47,556	267,402	219,846	47,556	267,402	206,417	50,006	256,423		256,423	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Factors for All Winter Capacity	80.29%	19.71%	100.00%	82.22%	17.78%	100.00%	82.22%	17.78%	100.00%	82.22%	17.78%	100.00%	80.50%	19.50%	100.00%		100.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Entitlements in PGA																														
TF12B	34,875	4,232	39,107	42,396	4,774	47,170	42,396	4,774	47,170	42,396	4,774	47,170	41,156	6,014	47,170		47,044	49,153	2,109	0	55,019	55,019	0	5,866	5,866	0				
TF12V	32,290	3,919	36,209	25,298	2,848	28,146	25,298	2,848	28,146	25,298	2,848	28,146	25,820	2,326	28,146		29,035	26,926	(2,109)	0	21,060	21,060	0	(5,866)	(5,866)	0				
net change																					0	0	0	0	0	0	0	0		
TF5	28,785	3,493	32,278	29,011	3,267	32,278	29,011	3,267	32,278	29,011	3,267	32,278	28,704	3,574	32,278		31,515	31,515	0	0	31,515	31,515	0	0	0	0	0			
TFX12 (112486)	9,651	1,171	10,822	9,727	1,095	10,822	9,727	1,095	10,822	9,727	1,095	10,822	9,624	1,198	10,822		10,822	10,822	0	0	10,822	10,822	0	0	0	0	0			
TFX(5) (112486)	51,163	6,208	57,371	51,383	5,806	57,189	51,383	5,806	57,189	51,383	5,806	57,189	50,819	6,370	57,189	**	60,271	66,271	6,000	0	66,271	66,271	0	0	0	0				
TFX(5) (112561)	5,351	649	6,000	5,393	607	6,000	5,393	607	6,000	5,393	607	6,000	5,336	664	6,000		6,000	0	(6,000)	0	0	0	0	0	0	0	0			
TFX(5) (112486)	1,605	195	1,800	1,800	182	1,982	1,800	182	1,982	1,800	182	1,982	1,800	182	1,982	**	1,800	1,800	0	0	1,800	1,800	0	0	0	0				
TFX(5) (12-V)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0			
TFX(5) (127852)																		0	0	0	0	30,000	30,000	0	30,000	30,000	0			
TFX12 (111866)	1,144	139	1,283	1,153	130	1,283	1,153	130	1,283	1,153	130	1,283	1,141	142	1,283		1,283	1,283	0	0	1,283	1,283	0	0	0	0				
TFX12 (111866)	7,376	895	8,271	7,434	837	8,271	7,434	837	8,271	7,434	837	8,271	7,355	916	8,271		8,271	8,271	0	0	8,271	8,271	0	0	0	0				
TFX5 (111866)	22,306	2,707	25,013	22,482	2,531	25,013	22,482	2,531	25,013	22,482	2,531	25,013	22,243	2,770	25,013		25,013	25,013	0	0	25,013	25,013	0	0	0	0				
Total Entitlements in PGA	194,546	23,608	218,154	196,077	22,077	218,154	196,077	22,077	218,154	196,077	22,077	218,154	193,998	24,156	218,154		221,054	221,054	0	0	251,054	251,054	0	30,000	30,000	0				
Entitlements in PGA (NNG)																														
Windom	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500	2,500	0	2,500		2,500	2,500	0	0	2,500	2,500	0	0	0	0				
LS Power	25,951	3,149	29,100	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0				
Northwestern Energy (Ortonville)	0	0	0	910	0	910	910	0	910	910	0	910	910	0	910		910	910	0	0	910	910	0	0	0	0				
NNG Zone GDD Call Option	0	0	0	11,235	1,265	12,500	11,235	1,265	12,500	11,235	1,265	12,500	0	0	0		20,000	20,000	0	0	0	0	0	0	0	0				
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0				
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0				
TFX7 chg to TFX12 (111866)*	10,631	1,290	11,921	10,715	1,206	11,921	10,715	1,206	11,921	10,715	1,206	11,921	10,601	1,320	11,921		11,921	11,921	0	0	11,921	11,921	0	0	0	0				
Total	39,082	4,439	43,521	25,360	2,471	27,831	25,360	2,471	27,831	25,360	2,471	27,831	14,011	1,320	15,331		35,331	35,331	0	0	15,331	15,331	0	(20,000)	(20,000)	0				
Total Capacity before Peak Shaving	233,628	28,047	261,675	221,437	24,548	245,985	221,437	24,548	245,985	221,437	24,548	245,985	208,009	25,476	233,485		256,385	256,385	0	0	266,385	266,385	0	10,000	10,000	0				
LP Peak Shaving	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0				
Total Design Day Capacity w/o Contract Demand	233,628	28,047	261,675	221,437	24,548	245,985	221,437	24,548	245,985	221,437	24,548	245,985	208,009	25,476	233,485		256,385	256,385	0	0	266,385	266,385	0	10,000	10,000	0				
Total Transp. (with TFX Offpeak less LSP)	207,677	24,898	232,575	221,437	24,548	245,985	221,437	24,548	245,985	221,437	24,548	245,985	208,009	25,476	233,485		256,385	256,385	0	0	266,385	266,385	0	10,000	10,000	0				
Total Annual Transportation	67,165	8,151	75,316	67,694	7,622	75,316	67,694	7,622	75,316	67,694	7,622	75,316	66,976	8,340	75,316		111,786	111,786	0	0	111,786	111,786	0	0	0					
Total Seasonal Transportation	52,696	6,395	59,091	53,293	5,980	59,273	53,293	5,980	59,273	53,293	5,980	59,273	52,747	6,526	59,273		144,599	144,599	0	0	154,599	154,599	0	10,000	10,000	0				
Total Percent Seasonal	22.6%	22.8%		24.1%	24.4%		24.1%	24.																						

	10-1168			11-1084			12-558			12-1193			13-670			14-660			14-660	
	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	PNG GS	NMU GS	Total	NNG Total	NNG Total *	August Change	NNG Total	November Change			
<u>Other: Storage levels not included in Peak Day Deliverability</u>																				
TFX Oct	1,784	216	2,000	1,798	202	2,000	1,798	202	2,000	1,779	221	2,000	2,000	2,000	0	2,000	0	2,000	0	
TFX Apr	1,784	216	2,000	1,798	202	2,000	1,798	202	2,000	1,779	221	2,000	2,000	2,000	0	2,000	0	2,000	0	
FDD Storage reservation (112490)	67,273	8,164	75,437	67,803	7,634	75,437	67,803	7,634	75,437	67,083	8,354	75,437	75,437	75,437	0	75,437	0	75,437	0	
FDD Storage capacity MSQ 1/	3,878,642	470,684	4,349,326	3,909,172	440,149	4,349,321	3,909,172	440,149	4,349,321	3,867,690	481,630	4,349,320	4,349,320	4,349,320	0	4,349,320	0	4,349,320	0	
FDD Storage reservation (113704)	0	0	0	0	0	0	3,118	351	3,469	4,935	615	5,550	5,550	5,550	0	5,550	0	5,550	0	
FDD Storage capacity MSQ 2/	0	0	0	0	0	0	179,755	20,245	200,000	177,855	22,145	200,000	200,000	650,000	450,000	650,000	0	650,000	0	
FDD Storage reservation (118215)	6,187	751	6,938	6,236	702	6,938	11,692	1,317	13,009	11,568	1,441	13,009	13,008	2,602	(10,406)	2,602	0	2,602	0	
FDD Storage capacity MSQ 3/	356,700	43,301	400,002	359,510	40,491	400,001	674,081	75,920	750,001	674,100	75,900	750,000	750,000	150,000	(600,000)	150,000	0	150,000	0	
FDD Storage reservation (118657)	4,949	601	5,550	4,988	562	5,550	4,988	562	5,550	3,085	384	3,469	3,468	11,274	7,806	11,274	0	11,274	0	
FDD Storage capacity MSQ 4/	285,370	34,630	320,000	287,615	32,385	320,000	287,615	32,385	320,000	284,565	35,435	320,000	320,000	320,000	0	320,000	0	320,000	0	
FDD Storage reservation total										86,671	10,794	97,465	97,463	94,863	(2,600)	94,863	0	94,863	0	
FDD Storage capacity total										5,004,210	615,110	5,619,320	5,619,320	5,469,320	(150,000)	5,469,320	0	5,469,320	0	
SMS	20,226	2,454	22,680	20,385	2,295	22,680	20,385	2,295	22,680	20,168	2,512	22,680	22,680	22,680	0	22,680	0	22,680	0	
Bison/NBPL (FT0003 & T8673F)	44,589	5,411	50,000	44,940	5,060	50,000	44,940	5,060	50,000	44,463	5,537	50,000	50,000	50,000	0	50,000	0	50,000	0	
AECO Storage	0	665,043	665,043	0	666,223	666,223	0	666,223	666,223	0	648,265	648,265	648,265	648,265	0	648,265	0	648,265	0	
FDD																				
1/ Cycled Volumes =	775,728	94,137	869,865	781,834	88,030	869,864	781,834	88,030	869,864	773,538	96,326	869,864	869,864	869,864	0	869,864	0	869,864	0	
2/ Cycled Volumes =	0	0	0	0	0	0	35,952	4,048	40,000	35,571	4,429	40,000	40,000	130,000	90,000	130,000	0	130,000	0	
3/ Cycled Volumes =	71,342	8,658	80,000	71,904	8,096	80,000	134,820	15,180	150,000	134,820	15,180	150,000	150,000	30,000	(120,000)	30,000	0	30,000	0	
4/ Cycled Volumes =	57,074	6,926	64,000	57,523	6,477	64,000	57,523	6,477	64,000	56,913	7,087	64,000	64,000	64,000	0	64,000	0	64,000	0	

Heating Season	Number of Firm Customers			Design Day Requirement			Total Entitlement + Peak Shaving			Reserve Margin
	(1) No. of Design Day Customers	(2) Change from Previous Year	(3) % Change From Previous Year	(4) Design Day (Mcf)	(5) Change from Previous Year	(6) % Change From Previous Year	(7) Total Entitlement (Mcf)*	(8) Change from Previous Year	(9) % Change From Previous Year	(10) % of Reserve Margin [(7)-(4)]/(4)
2014-2015	178,388	-190	-0.11%	261,002	15,124	6.15%	266,385	10,000	3.90%	2.06%
2013-2014	178,578	1,641	0.93%	245,878	19,995	8.85%	256,385	22,900	9.81%	4.27%
2012-2013	176,937	1,696	0.97%	225,883	(9,172)	-3.90%	233,485	-12,500	-5.08%	3.37%
2011-2012	175,241	-786	-0.45%	235,055	16,842	7.72%	245,985	-15,690	-6.00%	4.65%
2010-2011	176,027	799	0.46%	218,213	(9,827)	-4.31%	261,675	7,000	2.75%	19.92%
2009-2010	175,228	1,266	0.73%	228,040	(19,148)	-7.75%	254,675	4,227	1.69%	11.68%
2008-2009	173,962	1,846	1.07%	247,188	23,434	10.47%	250,448	0	0.00%	1.32%
2007-2008	172,116	7,063	4.28%	223,754	1,635	0.74%	250,448	2036	0.82%	11.93%
2006-2007	165,053			222,119			248,412			11.84%
Average:			0.98%			2.25%			0.99%	7.89%

Columns (1) and (4) were provided by MERC in Attachment 1, page 3.

Firm Peak Day Sendout

Heating Season	(11) Number of Peak Day Customers	(12) Firm Peak Day Sendout (Mcf)	(13) Change from Previous Year	(14) % Change From Previous Year	(15) Excess/Def. per Cust. [(7) - (4)]/(1)	(16) Design Day per Customer (4)/(1)	(17) Entitlement per Customer (7)/(1)	(18) Peak Day Sendout per PD Customer (12)/(11)**
2014-2015	unknown	unknown	unknown	unknown	0.03	1.46	1.49	unknown
2013-2014	178578	unknown	unknown	unknown	0.06	1.38	1.44	unknown
2012-2013	176937	unknown	#VALUE!	#VALUE!	0.04	1.28	1.32	#VALUE!
2011-2012	175,241	unknown	#VALUE!	#VALUE!	0.06	1.34	1.40	#VALUE!
2010-2011	176,027	unknown	#VALUE!	#VALUE!	0.25	1.24	1.49	#VALUE!
2009-2010	175,228	unknown	#VALUE!	#VALUE!	0.15	1.30	1.45	#VALUE!
2008-2009	173,962	unknown	#VALUE!	#VALUE!	0.02	1.42	1.44	#VALUE!
2007-2008	172,116	unknown	#VALUE!	#VALUE!	0.16	1.30	1.46	#VALUE!
2006-2007	165,053	unknown	#VALUE!	#VALUE!	0.16	1.35	1.51	#VALUE!
Average:				#VALUE!	0.10	1.34	1.44	#VALUE!

* MERC-PNG NNG added to MERC-NM U NNG areas from DOC's prior Attachment 2 for each company.

** The number of design day customers are used when the number of firm peak day customers is unknown (18=19).

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-14-660

Dated this 8th day of December 2014

/s/Sharon Ferguson

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