division of energy resources
Minnesota Department of Commerce

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January 10, 2014

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G022/M-13-730

Dear Dr. Haar:

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

> A Request by Greater Minnesota Gas, Inc. (Greater Minnesota or the Company) for Approval by the Minnesota Public Utilities Commission (Commission) of a Change in Contract Demand Entitlement Units Effective November 1, 2013.

The filing was submitted on August 19, 2013. The petitioner is:

> Kristine A. Anderson
> Corporate Attorney
> Greater Minnesota Gas, Inc.
> 202 South Main Street, P.O. Box 68
> Le Sueur, Minnesota 56058

In an effort to better complete the record in this proceeding, the Department recommends that the Commission accept these *Response Comments*. Based on its review, the Department recommends that the Commission:

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

The Department also requests that Greater Minnesota review its non-heating season entitlement levels and provide a detailed discussion and analysis in its initial filing in its next demand entitlement proceeding supporting its proposed levels of non-heating season demand entitlements. Finally, the Department requests that Greater Minnesota remain apprised of any developments on the Viking pipeline and inform the Department and the Commission of any changes that would require significant modification as to how the Company currently plans to serve its Viking customer base

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

Sincerely,

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

AJH/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

RESPONSE COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE,
DIVISION OF ENERGY RESOURCES

DOCKET NO. G022/M-13-730

I. BACKGROUND

On August 19, 2013, Greater Minnesota Gas, Inc. (Greater Minnesota or the Company) submitted to the Minnesota Public Utilities Commission (Commission) its annual demand entitlement filing (*Petition*) for the 2013-2014 heating season. On September 16, 2013, the Minnesota Department of Commerce, Division of Energy Resources (Department) filed *Comments* in response to the Company's *Petition*. In its *Comments*, the Department recommended that the Commission withhold decision on Greater Minnesota's *Petition* subject to the provision of additional information regarding its reserve margin and total entitlement level in *Reply Comments*.

On September 26, 2013, the Company filed *Reply Comments* providing information addressing the concerns raised by the Department.

The Department notes that Greater Minnesota agreed to supplement its demand entitlement filing on November 1, 2013 to provide the most up-to-date information regarding customer counts and final demand costs. However, Greater Minnesota has not, to this date, provided a supplemental filing; as such, the Department concludes that the costs and information presented in *Reply Comments* represent the final costs charged to ratepayers, subject to clarification by the Company.

The Department responds to Greater Minnesota's *Reply Comments* below.

II. DEPARTMENT RESPONSE TO GREATER MINNESOTA'S *REPLY COMMENTS*

In its *Comments*, the Department asked Greater Minnesota to provide the following in *Reply Comments*:

- additional discussion supporting the calculations and assumptions regarding its estimation of natural gas consumption based on propane usage data;
- a full explanation detailing whether the Viking Zone 1 and Delivery Contract line items on Attachment C relate to Project 2;
- a hypothetical peak day example of how the Company would be able to operate its system in a fully integrated manner and the contract explaining the conditions of delivery to Project 2 for the 950 Dth/day of peak-day capacity;
- a detailed discussion of why the Company believes its proposed reserve margin is reasonable given the entitlement issues during the 2012-2013 heating season and the addition of two new service areas;
- a detailed discussion of how Greater Minnesota would serve firm customers, and at what estimated cost, if peak-day consumption exceeded its planned reserve margin; and
- a detailed discussion regarding the current availability of additional entitlements if they are deemed necessary.

In its *Reply Comments*, Greater Minnesota responded to each of these requests.

A. ESTIMATED GAS USAGE FOR NEW CUSTOMERS CONVERTING FROM PROPANE

In its *Comments*, the Department recommended that Greater Minnesota provide additional information supporting the assumptions that the Company made regarding peak-day consumption by new customers switching from propane gas. In its *Reply Comments*, Greater Minnesota reiterated the explanation it provided in its *Petition* regarding its conclusion that its historical annual peak day send-out per customer is approximately 1 percent of per-customer annual usage. However, the Company stated during an informal conversation on January 3, 2014 that its calculator was derived from comparing expected heating degree days (HDD) on a peak day 90 HDD to average annual HDDs, which is approximately 8,162 HDD. This analysis assumed consistent usage across all heating degree days, and resulted in an estimated design-day throughput of approximately 0.875 percent of annual sales. Greater Minnesota then rounded this figure up to 1 percent. Based on this discussion, the Department concludes that Greater Minnesota's estimation calculation is a logical, straightforward method that leads to a reasonable, fairly conservative, result. Therefore, the Department concludes that the Company's estimate of new customers' design-day use as 1 percent of annual sales is acceptable.

As for Greater Minnesota's method to convert historical propane usage to expected peak-day natural gas consumption by these new customers, the Company stated that the British Thermal Unit (BTU) factor used was based on annually published data from the United States Department of Energy and is consistent with other published sources. The Department appreciates this clarification and concludes that the Company's estimation method appears to be reasonable.

B. INTEGRATED OPERATION OF GREATER MINNESOTA'S SYSTEM

In its *Comments*, the Department expressed concerns regarding the full integration of Greater Minnesota's system on a peak day. Given these concerns, the Department recommended that Greater Minnesota provide additional discussion clarifying how its system is integrated and a hypothetical example of how the Company would operate its system on a peak day.

Greater Minnesota began its discussion in *Reply Comments* by clarifying how its Viking Zone 1 and Delivery Contracts are integrated with the entire natural gas system. The Company stated that these contracts are not designed solely to serve customers on the Viking Gas Transmission Company (Viking) pipeline system. Specifically, the interconnection between Viking and Northern Natural Gas (Northern) at North Branch, Minnesota allows Greater Minnesota the flexibility to supply volumes to the Company's Northern customers with gas from the Viking pipeline system.

In its *Reply Comments*, Greater Minnesota provided two separate hypothetical examples of how the Company can integrate its system and serve all firm customers on a peak day. The Department reviewed these two examples and they appear reasonable. Under both scenarios, Greater Minnesota uses backhaul contracts to meet need for its Viking-served customers and has capacity available from the Viking line to serve Northern-served customers, if necessary. The ability to serve both sets of customers (*i.e,* Viking, Northern) is important from a reliability standpoint; however, reliance on backhaul contacts can be an issue. Typically, backhaul volumes are not credited toward design-day entitlement levels because these contracts are only financial and require a back-up, physical supply of gas. In this case, the Company's decision to use backhaul contracts is likely not an issue given current economics on the Viking pipeline. Through discussions with Greater Minnesota, and other natural gas utilities, the Department is aware that current economics on the Viking pipeline are such that there is a great deal of forward capacity available. Therefore, the availability of gas to serve the backhaul capacity is likely not in question. There may be future changes in pipeline economics on the Viking pipeline; as such, the Department requests that Greater Minnesota remain apprised of any developments on the Viking pipeline and inform the Department and the Commission of any changes that would require significant modification as to how the Company currently plans to serve its Viking customer base.

Based on the Company's discussion in *Reply Comments*, the Department does not have additional comments or concerns at this time.

C. REASONABLENESS OF GREATER MINNESOTA'S RESERVE MARGIN

In its *Comments*, the Department expressed concern regarding the Company's proposed 5 percent reserve margin given the Company's lack of adequate capacity last heating season and the addition of a large number of new customers for this heating season. Echoing statements from earlier Greater Minnesota demand entitlement filings, the Department was concerned that a 5 percent reserve margin may be too small for the Company.

Greater Minnesota responded to these concerns in its *Reply Comments* by stating that it believes that a 5 percent reserve margin is adequate to serve firm customers in the unlikely event of a peak day. However, given the Department's concerns and Greater Minnesota's recent expansion, the Company agreed to enter into an agreement that will increase its reserve margin. After the Department's *Comments* were filed, a supply of low-cost gas became available to the Company on short notice; as such, Greater Minnesota will be able to temporarily increase its reserve margin without a significant increase in cost to its ratepayers.

The Department appreciates Greater Minnesota's proactive approach to improve system reliability. The Department discusses the cost impacts of this temporary demand contract below, and, given the procurement of additional capacity, the Department does not have additional concerns regarding the Company's reserve margin at this time.

D. ABILITY TO SERVE CUSTOMERS IN THE EVENT THAT PEAK-DAY CONSUMPTION IS GREATER THAN ENTITLEMENTS PLUS THE RESERVE MARGIN

Given the issues regarding the Company's ability to serve firm customers identified in last year's demand entitlement filing, and current developments on the Greater Minnesota system identified in its *Petition*, the Department requested that the Company explain how Greater Minnesota would serve firm customers if its peak-day consumption exceeded its planned reserve margin.

In its *Reply Comments*, Greater Minnesota explained that a peak day is a rare event; as such, the chances of consumption exceeding planned capacity are rare. However, in an effort to alleviate these concerns, and as noted in the previous sub-section, Greater Minnesota procured additional, low-cost entitlements for this heating season. In addition, the Company explained that its current system configuration provides multiple options to secure peak-day supply for both its customer base served by Northern and the customer base served by Viking. Further, the Company stated that in the unlikely event that additional capacity, or releases, cannot be secured, Greater Minnesota would be required to secure default penalty gas, which, dependent upon the circumstances, could be expensive. The Company concluded its discussion by stating that the anticipated cost savings reflected in its proposed entitlement levels would mitigate any rate impacts associated with the unlikely need to purchase penalty gas.

After reviewing the Company's response on this topic, the Department concludes that Greater Minnesota's strategy appears reasonable. It is important to note, however, that the ability to purchase penalty gas is not guaranteed. In the unlikely event that Greater Minnesota would need penalty gas, it is reasonable to assume that other utilities may also need additional capacity because an all-time peak day event would likely be occurring. However, for this heating season, it is less likely that the Company would face this scenario given the additional entitlements that Greater Minnesota has procured. As such, the Department does not have additional comment regarding this topic at this time.

III. DEPARTMENT REVIEW OF GREATER MINNESOTA'S REVISED DEMAND ENTITLEMENT LEVEL

As noted above, Greater Minnesota added an additional, low-cost demand contract to increase its reserve margin and ensure firm reliability on a peak day. In addition to the new demand contract, Greater Minnesota also made adjustments to other demand contracts. These changes compared to the original *Petition* are shown in Table 1 below.

Table 1: Changes in Demand Entitlement Volumes Between Initial Filing and *Reply Comments*

Contract	Increase/(Decrease) Dekatherms
TF12 (November-October)	(420)
TFX5 (November-March)	(770)
TF5	90
Viking Forward Haul/Emerson	1,300

In total, the Company recommends an increase in its total design-day deliverable entitlement level of 200 Dekatherms (Dth)/day over its original *Petition*. As indicated in DOC Attachment R-2, the Company proposed to increase its total entitlement level, compared to its last demand entitlement filing, in Dth as follows:

Previous Entitlement (Dth)[1]	Revised Proposed Entitlement (Dth)[2]	Entitlement Changes (Dth)	% Change From Previous Year
5,209	**9,559**	**4,350**	**83.51**

[1] This entitlement level was proposed in Greater Minnesota's March 25, 2013 *Initial Filing* in Docket No. G022/M-12-1279.

[22] The Department notes that Greater Minnesota incorrectly reports a total entitlement level of 9,359 Dth/day on Page 6 of its *Reply Comments*.

As noted in the Department's *Comments*, the significant increase in demand entitlement levels compared to last year's demand entitlement filing is driven by the addition of two new service areas to the Company's system.

In addition, as indicated in DOC Attachment R-2, the Company's revised entitlement levels result in the following reserve margin:

Total Entitlement (Dth)	Design-day Estimate (Dth)	Difference (Dth)	Reserve Margin %	Change From Previous Year[3]
9,559	**8,917**	**642**	**7.20%**	**2.26%**

In its *Comments*, the Department expressed concern regarding the Company's originally proposed reserve margin. Given Greater Minnesota's unique system characteristics, the Department reiterated its recommendations from earlier demand entitlement filings that the Company use a reserve margin of greater than 5 percent to account for the possibility of higher growth levels on its system and the limited operational history of the utility.

Absent additional operational history, the Department cannot definitively conclude that the 7.20 percent reserve margin proposed by Greater Minnesota in its *Reply Comments* is the ideal operational reserve margin; however, the Department concludes that the additional capacity procured by the Company, resulting in an increased reserve margin, is reasonable and will aid in the Company's ability to serve firm customers on a peak day.

The Department notes that Greater Minnesota's *Petition* indicated that it planned to procure 630 Dth/day of non-heating season firm capacity, 120 Dth/day more than in the previous demand entitlement filing. In its *Reply Comments*, the Company proposed to reduce that level to 210 Dth/day, 300 Dth/day less than the year before. The Department did not raise this issue of non-heating season capacity in its *Comments* because the originally proposed capacity of 630 Dth/day appeared reasonable. However, the Department is somewhat concerned about the reduction proposed in *Reply Comments*.

Previously, in its January 21, 2009 *Comments* in Docket No. G022/M-08-1327, the Department expressed concern that Greater Minnesota may not have sufficient entitlements to cover base consumption during the shoulder and summer months. Insufficient entitlements during the shoulder and summer months is unlikely to lead to reliability issues for firm customers because natural gas is likely available in the spot market; however, it does put ratepayers at risk for higher costs based on market dynamics.

[3] As shown on DOC Attachment R-2, the Company's average reserve margin since 1996 is 13.82 percent.

As previously noted, based on the entitlement information provided in its *Reply Comments*, Greater Minnesota has 210 Dth/day of reserved firm capacity for the summer months and 875 Dth/day of reserved firm capacity for the shoulder months. Since the Company's baseload is difficult to calculate based on the regression results from the *Petition*, it is unclear what level of baseload Greater Minnesota is likely to experience and, therefore, whether the Company will have sufficient supplies during the non-heating season to serve firm need without additional gas purchases. Despite these concerns, the Department does not believe action on this topic is needed at this time given the relatively low risk to system reliability. However, procuring adequate supplies, at a reasonable cost to ratepayers, is important regardless of the time of year. As such, the Department recommends that Greater Minnesota review its non-heating season entitlement levels and provide a detailed discussion and analysis in its initial filing in its next demand entitlement proceeding supporting its proposed levels of non-heating season demand entitlements.

IV. THE COMPANY'S REVISED PURCHASED GAS ADJUSTMENT COST RECOVERY PROPOSAL

The demand entitlement amounts listed in DOC Attachment R-1 represent the demand entitlements for which the Company's firm customers will pay. In Attachment A to its *Reply Comments*, the Company provided a calculation detailing the expected demand costs associated with its revised demand entitlement levels. The Department compares demand costs from the September 2013 Purchased Gas Adjustment (PGA) filing to the information in Attachment A of the Company's *Reply Comments* to determine the annual bill impacts on ratepayers (see DOC Attachment R-3). The annual rate impacts compared to the last demand entitlement filing are as follows:

- Annual bill decrease of $15.16 for the average Residential customer consuming 87.1 Dth annually; and
- Annual bill decrease of $237.61 for the average Commercial and Industrial Firm customer consuming 1,365.2 Dth annually.

The Department concludes that the Company's revised proposal appears to be reasonable. The Department recommends that the Commission allow recovery of the associated demand costs through the monthly PGA filing effective November 1, 2013.

V. DEPARTMENT RECOMMENDATIONS

Based on its review of the record in this proceeding, the Department recommends that the Commission:

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

The Department also requests that Greater Minnesota review its non-heating season entitlement levels and provide a detailed discussion and analysis in its initial filing in its next demand entitlement proceeding supporting its proposed levels of non-heating season demand entitlements.

Finally, the Department requests that Greater Minnesota remain apprised of any developments on the Viking pipeline and inform the Department and the Commission of any changes that would require significant modification as to how the Company currently plans to serve its Viking customer base.

/ja

DOC Attachment R-1

Details of Greater Minnesota Gas's Demand Entitlements Historical and Current Proposal

2009-2010 Heating Season	Quantity (Mcf)	Change in Quantity
TF-7 (Apr.-Oct.)	300	0
TFX (Summer-Apr.-Oct.)	0	0
TFX-5 (Nov.-Mar.)	300	300
TFX-5 (Nov.-Mar.)	4,244	0
Viking Zone 1	0	
Delivery Contract		
TFX (Apr. and Oct.)	0	0
TFX (Nov.-Mar.)	0	
TFX (Nov.-Mar.)	0	
SMS	1,300	
Total Demand Entitlement	4,544	300
Total Transportation	4,844	300
Total Annual Transportation	300	0
Total Seasonal Transport	4,544	300
Percent Annual on Greater Minnesota System	6.19%	-0.41%
Percent Seasonal on Greater Minnesota System	93.81%	0.41%

2010-2011 Heating Season	Quantity (Mcf)	Change in Quantity
TF-7 (Apr.-Oct.)	300	0
TFX (Summer-Apr.-Oct.)	210	210
TFX-5 (Nov.-Mar.)	0	(300)
TFX-5 (Nov.-Mar.)	4,244	0
Viking Zone 1	0	
Delivery Contract		
TFX (Apr. and Oct.)	500	500
TFX (Nov.-Mar.)	300	300
TFX (Nov.-Mar.)	500	500
SMS	1,300	1,300
Total Demand Entitlement	5,044	500
Total Transportation	5,254	410
Total Annual Transportation		(300)
Total Seasonal Transport	5,044	500
Percent Annual on Greater Minnesota System	0.00%	-6.19%
Percent Seasonal on Greater Minnesota System	96.00%	2.20%

2012-2013 Heating Season	Quantity (Mcf)	Change in Quantity
TF-7 (Apr.-Oct.)	0	(300)
TFX (Summer-Apr.-Oct.)	210	0
TFX-5 (Nov.-Mar.)	90	90
TFX-5 (Nov.-Mar.)	6,344	2,100
Viking Zone 1	2,000	
Viking Forward Haul/Emerson	1,300	
Delivery Contract	950	
TFX (Apr. and Oct.)	665	165
TFX (Nov.-Mar.)	0	(300)
TFX (Nov.-Mar.)	665	165
SMS	1,300	0
Total Demand Entitlement	7,099	2,055
Total Transportation	11,559	6,305
Total Annual Transportation		0
Total Seasonal Transport	7,099	2,055
Percent Annual on Greater Minnesota System	0.00%	0.00%
Percent Seasonal on Greater Minnesota System	61.42%	-34.59%

2013-2014 Heating Season (Initial)	Quantity (Mcf)	Change in Quantity
TF-7 (Apr.-Oct.)	0	0
TF12 (Nov.-Oct.)	630	420
TFX-5 (Nov.-Mar.)	270	180
TFX-5 (Nov.-Mar.)	6,844	500
Viking Zone 1	2,000	0
Delivery Contract	950	0
TFX (Apr. and Oct.)	665	0
TFX (Nov.-Mar.)	0	0
TFX (Nov.-Mar.)	0	(665)
SMS	1,300	0
Total Demand Entitlement	9,359	2,260
Total Transportation	11,359	(200)
Total Annual Transportation		0
Total Seasonal Transport	9,359	2,260
Percent Annual on Greater Minnesota System	0.00%	0.00%
Percent Seasonal on Greater Minnesota System	82.39%	20.98%

2013-2014 Heating Season (Final)	Quantity (Mcf)	Change in Quantity
TF-7 (Apr.-Oct.)	0	0
TF12 (Nov.-Oct.)	210	(420)
TFX-5 (Nov.-Mar.)	0	(270)
TFX-5 (Nov.-Mar.)	6,344	(500)
Viking Zone 1	2,000	0
Delivery Contract	950	0
TFX (Apr. and Oct.)	665	0
TF5 (Nov.-Mar.)	90	90
Viking Forward Haul/Emerson	1,300	1,300
SMS	1,300	1,300
Total Demand Entitlement	9,559	200
Total Transportation	11,559	200
Total Annual Transportation		0
Total Seasonal Transport	9,559	200
Percent Annual on Greater Minnesota System	0.00%	0.00%
Percent Seasonal on Greater Minnesota System	82.70%	0.30%

DOC Attachment R-2
Details of Greater Minnesota Gas's Demand Entitlements Historical and Current Proposal

	Number of Firm Customers			**Design Day Requirement**			**Total Entitlement + Peak Shaving**	**+ Peak Shaving**		**Reserve Margin**
Heating Season	(1) Number 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	2013-2014 Heating Season Total Entitlement (Mcf)	(8) Change from Previous Year	(9) % Change From Previous Year	(10) % of Reserve Margin [(7)-(4)]/(4)
2013-2014	5,204	430	9.01%	8,917	3,953	79.63%	9,559	4,350	83.51%	7.20%
2012-2013	4,774	558	13.24%	4,964	514	11.55%	5,209	165	3.27%	4.94%
2011-2012	4,216	296	7.55%	4,450	0	0.00%	5,044	0	0.00%	13.35%
2010-2011	3,920	198	5.32%	4,450	239	5.68%	5,044	500	11.00%	13.35%
2009-2010	3,722	162	4.55%	4,211	(71)	-1.66%	4,544	300	7.07%	7.91%
2008-2009	3,560	182	5.39%	4,282	566	15.23%	4,244	244	6.10%	-0.89%
2007-2008	3,378	170	5.30%	3,716	166	4.68%	4,000	350	9.59%	7.64%
2006-2007	3,208	237	7.98%	3,550	583	19.65%	3,650	350	10.61%	2.82%
2005-2006	2,971	290	10.82%	2,967	270	10.01%	3,300	300	10.00%	11.22%
2004-2005	2,681	336	14.33%	2,697	697	34.85%	3,000	600	25.00%	11.23%
2003-2004	2,345	181	8.36%	2,000	(200)	-9.09%	2,400	(200)	-7.69%	20.00%
2002-2003	2,164	300	16.09%	2,200	400	22.22%	2,600	400	18.18%	18.18%
2001-2002	1,864	301	19.26%	1,800	400	28.57%	2,200	500	29.41%	22.22%
2000-2001	1,563	393	33.59%	1,400	300	27.27%	1,700	300	21.43%	21.43%
1999-2000	1,170	279	31.31%	1,100	250	29.41%	1,400	150	12.00%	27.27%
1998-1999	891	289	48.01%	850	350	70.00%	1,250	750	150.00%	47.06%
1997-1998	602	339	128.90%	500	200	66.67%	500	200	66.67%	0.00%
1996-1997	263	263		300	300		300	300		
Average Change Per Year:			21.71%			24.39%			26.83%	13.82%

Firm Peak Day Sendout

Heating Season *	(11) Firm Peak Day Send out (Mcf)	Change from Previous Year	% Change From Previous Year	Excess per Customer [(7) - (4)]/(1)	Design Day per Customer (4)/(1)	Entitlement per DD Customer (7)/(1)	Peak Day Sendout per DD Customer (11)/(1)
2013-2014				0.1234	1.7135	1.8369	
2012-2013	5,025	1,368	37.41%	0.0513	1.0398	1.0911	1.0526
2011-2012	3,657	(248)	-6.35%	0.1409	1.0555	1.1964	0.8674
2010-2011	3,905	251	6.87%	0.1515	1.1352	1.2867	0.9962
2009-2010	3,654	(374)	-9.29%	0.0895	1.1314	1.2208	0.9817
2008-2009	4,028	(72)	-1.76%	(0.0107)	1.2028	1.1921	1.1315
2007-2008	4,100	550	15.49%	0.0841	1.1001	1.1841	1.2137
2006-2007	3,550	738	26.24%	0.0312	1.1066	1.1378	1.1066
2005-2006	2,812	285	11.28%	0.1121	0.9987	1.1107	0.9465
2004-2005	2,527	185	7.90%	0.1130	1.0060	1.1190	0.9426
2003-2004	2,342	587	33.45%	0.1706	0.8529	1.0235	0.9987
2002-2003	1,755	747	74.11%	0.1848	1.0166	1.2015	0.8110
2001-2002	1,008	(180)	-15.15%	0.2146	0.9657	1.1803	0.5408
2000-2001	1,188	291	32.44%	0.1919	0.8957	1.0877	0.7601
1999-2000	897	95	11.85%	0.2564	0.9402	1.1966	0.7667
1998-1999	802	397	98.02%	0.4489	0.9540	1.4029	0.9001
1997-1998	405	233	135.47%	0.0000	0.8306	0.8306	0.6728
1996-1997	172	172		0.0000	1.1407	1.1407	0.6540
Average Change Per Year:			28.62%	0.1308	1.0603	1.1911	0.9025

Prepared by the Minnesota Department of Commerce, Division of Energy Resources

DOC Attachment R-3
Effect of Proposed Demand Entitlement Changes on Greater Minnesota Gas's PGAs

Residential	Last Rate Case	Last Demand Change	Most Recent PGA as Filed-September 2013	September 2013 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)	$5.8801	$4.7459	$3.8388	$3.8388	($2.0413)	($0.9071)	$0.0000	0.00%
Demand Cost of Gas	$0.8293	$1.0044	$1.0044	$0.8303	$0.0010	($0.1741)	($0.1741)	-17.33%
Commodity Margin	4.4433	4.4433	4.4433	4.4433	$0.0000	$0.0000	$0.0000	0.00%
Total Cost of Gas	$11.1527	$10.1936	$9.2865	$9.1124	($2.0403)	($1.0812)	($0.1740)	-1.87%
Average Annual Usage (Mcf)	87.1	87.1	87.1	87.1	$0.0000	$0.0000	$0.0000	0.00%
Average Annual Total Cost of Gas	$971.40	$887.86	$808.85	$793.69	($177.71)	($94.17)	($15.16)	-1.87%

Commercial & Industrial Firm	Last Rate Case	Last Demand Change	Most Recent PGA as Filed-October 2008	September 2013 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)	$5.8801	$4.7459	$3.8388	$3.8388	($2.0413)	($0.9071)	$0.0000	0.00%
Demand Cost of Gas	$0.8293	$1.0044	$1.0044	$0.8303	$0.0010	($0.1741)	($0.1741)	-17.33%
Commodity Margin*	4.2633	4.2633	4.2633	4.2633	$0.0000	$0.0000	$0.0000	0.00%
Total Cost of Gas	$10.9727	$10.0136	$9.1065	$8.9324	($2.0403)	($1.0812)	($0.1740)	-1.91%
Average Annual Usage (Mcf)	1,365.2	1,365.2	1,365.2	1,365.2	$0.0000	$0.0000	$0.0000	0.00%
Average Annual Total Cost of Gas	$14,979.93	$13,670.57	$12,432.15	$12,194.54	($2,785.39)	($1,476.03)	($237.61)	-1.91%

Customer Class	Commodity Change ($/Mcf)	Commodity Change (Percent)	Demand Change ($/Mcf)	Demand Change (Percent)	Total Change ($/Mcf)	Total Change (Percent)	AVERAGE ANNUAL BILL
Residential	$0.0000	0.00%	($0.1741)	-17.33%	($0.1740)	-1.87%	($15.16)
Commercial & Industrial Firm	$0.0000	0.00%	($0.1741)	-17.33%	($0.1740)	-1.91%	($237.61)

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
Response Comments

Docket No. G022/M-13-730

Dated this **10th** day of **January 2014**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_13-730_M-13-730
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_13-730_M-13-730
Bob	Emmers	bemmers@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main St. PO Box 68 Le Sueur, MN 56058	Electronic Service	No	OFF_SL_13-730_M-13-730
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_13-730_M-13-730
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_13-730_M-13-730
Nicolle	Kupser	nkupser@greatermngas.com	Greater Minnesota Gas, Inc.	202 South Main Street P.O. Box 68 Le Sueur, MN 56058	Electronic Service	No	OFF_SL_13-730_M-13-730
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_13-730_M-13-730
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_13-730_M-13-730
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_13-730_M-13-730