



414 Nicollet Mall  
Minneapolis, Minnesota 55401

March 11, 2014

**—Via Electronic Filing—**

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE: REPLY COMMENTS  
CHANGES IN CONTRACT DEMAND ENTITLEMENTS  
DOCKET NO. G002/M-13-663

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Reply to the March 4, 2014 Supplemental Comments of the Minnesota Department of Commerce on our Petition for approval of changes in contract demand entitlements.

Xcel Energy appreciates the Department's review and provides additional information as requested. The Department recommends that we fully explain:

- how we derived the calculation of the demand cost impacts in its Supplemental Filing, Schedule 1, Page 4 of 4.

Schedule A illustrates how we calculated the cost impacts in our November 22, 2013 Supplemental Filing, Schedule 1, Page 4.<sup>1</sup> Our calculations included rates from our November 2013 PGA filing and seasonal usage that were not filed in the Supplemental Filing, which made it impossible for the Department to duplicate.

Schedule B is our interpretation of DOC Attachment S-1. There are a few differences that account for the differences in rate impacts to firm non-demand billed and interruptible classes.

- The usage volumes in Schedule B are equal to the usage volumes in Schedule A, which do not equal the volumes used in DOC Attachment S-1 for the Commercial Firm classes.

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<sup>1</sup> The Company notes that we filed a Supplemental Filing on November 1, 2013 that showed the final demand entitlement volumes and costs that will be charged to ratepayers. The November 22, 2013 filing only addressed the changes due to removing the pipeline balancing charges from our proposal to move some demand costs to interruptible classes in response to the Order dated November 14, 2013 in Docket No. G999/AA-12-756. It was filed in all of the outstanding Contract Demand Entitlement Filing dockets since the original proposal was made in Docket No. G002/M-07-1395.

- Schedule B includes winter and summer uses per customer and DOC Attachment S-1 includes only annual uses per customer (as mentioned above, seasonal usage was not available to the Department).
- Schedule B includes winter and summer demand rates, whereas DOC Attachment S-1 only included winter rates. Winter rates are the only ones that changed under the revised proposal, but to do an annual bill comparison one also needs to consider summer demand rates.
- Schedule B does not include the Monthly Demand Cost True-up factor because the factor unnecessarily complicates annual bill comparisons.<sup>2</sup> However, since they are the same whether or not one uses the revised allocation proposal, they don't affect a dollar comparison of rates. Depending on the size of the rates, it can affect the percentage.

Demand Billed classes rate impacts are comparable between Schedule B and DOC Attachment S-1 because they have an annual rate. There are small differences due to rounding of the demand volumes.

In recent years, we have included blended annual rates in our original petition in our contract demand entitlement filings to facilitate comparison to other gas utilities. Most Minnesota natural gas LDCs do not have seasonal demand rates. On Schedule B, we have included blended annual rates for illustrative purposes.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service lists.

Please contact Martha Hoschmiller at (612) 330-5973 or [martha.e.hoschmiller@xcelenergy.com](mailto:martha.e.hoschmiller@xcelenergy.com) or me at (612) 330-7529 or [paul.lehman@xcelenergy.com](mailto:paul.lehman@xcelenergy.com) if you have any questions regarding this filing.

Sincerely,

/s/

PAUL J LEHMAN  
MANAGER, REGULATORY COMPLIANCE AND FILINGS

Enclosures  
c: Service List

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<sup>2</sup> Monthly Demand Cost True-up factors are charged October – May. The winter season is November – March and summer is April – October. Including the Monthly Demand Cost True-up charges/credits would require more categories or monthly sales volumes. Also, the factors are entirely dependent on the weather and can swing from a charge to a credit from month to month.

**CALCULATION OF TYPICAL CUSTOMER BILLS ON NOVEMBER 22, 2013 SUPPLEMENTAL FILING, SCHEDULE 1, PAGE 4**

Minnesota State

Rates are \$/therm and use per customer is in therms

Class	Component	A	B	C	D	E	F	G	H=A+B+C +D+E+F	I=A+B+C +D+E+G	J	K	L=A+B+C +D+E+J	M=A+B+C +D+E+K	N	O	P=N+O	Q=Cust Chg*12 +H*N+I*O	R=Cust Chg*12 +L*N+M*O	S=R-Q	T=S/Q	
		Base Rate	CIP	SEP	GAP	Commodity COG	Current (as filed)				Proposed				Total Winter UPC	Total Summer UPC	Annual UPC	Current Total Annual Bill	Proposed Total Annual Bill	Proposed more(less) than Current (\$)	Proposed more(less) than Current (%)	
							Winter Demand COG	Summer Demand COG	Winter Total Rates	Summer Total Rates	Winter Demand COG	Summer Demand COG	Winter Total Rates	Summer Total Rates								
Residential	Customer	\$9.00							\$9.00	\$9.00			\$9.00	\$9.00								
	Distribution	\$0.185913	\$0.019529	\$0.002736	\$0.004000	\$0.38426	\$0.10513	\$0.04709	\$0.70157	\$0.64353	\$0.10369	\$0.04709	\$0.70013	\$0.64353	652.4	196.6	849.0	\$692.19	\$691.25	(\$0.94)	-0.14%	
Small Commercial Firm	Customer	\$25.00							\$25.00	\$25.00			\$25.00	\$25.00								
	Distribution	\$0.123310	\$0.019529	\$0.002736	\$0.004000	\$0.38426	\$0.10513	\$0.04709	\$0.63897	\$0.58093	\$0.10369	\$0.04709	\$0.63753	\$0.58093	2,163.7	625.3	2,789.0	\$2,045.75	\$2,042.64	(\$3.12)	-0.15%	
Large Commercial Firm	Customer	\$50.00							\$50.00	\$50.00			\$50.00	\$50.00								
	Distribution	\$0.123151	\$0.019529	\$0.002736	\$0.004000	\$0.38426	\$0.10513	\$0.04709	\$0.63881	\$0.58077	\$0.10369	\$0.04709	\$0.63737	\$0.58077	10,961.7	4,023.1	14,984.8	\$9,938.87	\$9,923.08	(\$15.78)	-0.16%	
Small Interruptible	Customer	\$145.00							\$145.00	\$145.00			\$145.00	\$145.00								
	Distribution	\$0.096354	\$0.019529	\$0.002736	n/a	\$0.38426	n/a	n/a	\$0.50288	\$0.50288	\$0.00918	\$0.00000	\$0.51206	\$0.50288	53,697.9	23,160.2	76,858.0	\$40,390.29	\$40,883.24	\$492.95	1.22%	
Medium Interruptible	Customer	\$300.00							\$300.00	\$300.00			\$300.00	\$300.00								
	Distribution	\$0.047512	\$0.019529	\$0.002736	n/a	\$0.38426	n/a	n/a	\$0.45404	\$0.45404	\$0.00918	\$0.00000	\$0.46322	\$0.45404	377,946.6	380,958.7	758,905.2	\$348,171.06	\$351,640.61	\$3,469.55	1.00%	
Large Interruptible	Customer	\$450.00							\$450.00	\$450.00			\$450.00	\$450.00								
	Distribution	\$0.043461	\$0.019529	\$0.002736	n/a	\$0.38426	n/a	n/a	\$0.44999	\$0.44999	\$0.00918	\$0.00000	\$0.45917	\$0.44999	2,463,497.3	2,600,726.7	5,064,224.0	\$2,284,229.89	\$2,306,844.79	\$22,614.90	0.99%	
							<u>Annual Demand COG</u>		<u>Annual Total Rates</u>		<u>Annual Demand COG</u>		<u>Annual Total Rates</u>		<u>Demand Volume per Cust (thm)</u>							
															<u>Monthly</u>	<u>Annual</u>		(i)=(a)*12+ (b)*(h)+(c)*(i)	(j)=(d)*12+ (e)*(h)+(f)*(i)			
Small Commercial Demand Billed	Customer Demand	\$150.00							\$150.00 (a)				\$150.00 (d)		(g)	(h)=(g)*12						
	Demand	\$0.809470					\$0.58636		\$1.39583 (b)		\$0.57932		\$1.38879 (e)		618.0	7,415.6	(i)					
	Commodity	\$0.047512	\$0.019529	\$0.002736	\$0.004000	\$0.38426			\$0.45804 (c)				\$0.45804 (f)				75,810.6	\$46,875.04	\$46,822.83	(\$52.21)	-0.11%	
Large Commercial Demand Billed	Customer Demand	\$275.00							\$275.00				\$275.00									
	Demand	\$0.809470					\$0.58636		\$1.39583		\$0.57932		\$1.38879		1,752.5	21,029.9						
	Commodity	\$0.047512	\$0.019529	\$0.002736	\$0.004000	\$0.38426			\$0.45804				\$0.45804				238,392.5	\$141,846.77	\$141,698.72	(\$148.05)	-0.10%	

Source

A,B,C,D,E - Nov-13 PGA, Cost of Gas does not include annual true-up or monthly demand true-up  
E also found on Nov. 22, 2013 Supplemental filing, Schedule 1, Page 2 of 4, Line 22 and Page 3 of 4, Line 27

F&G, Residential & Commercial Firm - Nov. 22, 2013 Supplemental filing, Schedule 1, Page 2 of 4, Line 10  
F&G, Demand Billed - Nov. 22, 2013 Supplemental filing, Schedule 1, Page 2 of 4, Line 17

J&K, Residential & Commercial Firm - Nov. 22, 2013 Supplemental filing, Schedule 1, Page 3 of 4, Line 12  
J&K, Demand Billed - Nov. 22, 2013 Supplemental filing, Schedule 1, Page 3 of 4, Line 19

N,O,P - Use per Customer in the forecast current on Nov. 22, 2013, these numbers are not rounded

	A	B	C	D	E	F	G	H	J=E*G+F*H	K=E/A	L=F/B
	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Annual	Winter	Summer
	Demand Rate (No Allocation to Interruptible) Per Dth	Demand Rate (No Allocation to Interruptible) Per Dth	Demand Rate (Allocation to Interruptible) Per Dth	Demand Rate (Allocation to Interruptible) Per Dth	Difference	Difference	Average Consumption (Dth)	Average Consumption (Dth)	Rate Impact (\$)	Rate Percentage Difference	Rate Percentage Difference
Residential	\$1.0513	\$0.4709	\$1.0369	\$0.4709	(\$0.0144)	\$0.0000	65	20	(\$0.94)	-1.37%	0.00%
Small Commercial Firm	\$1.0513	\$0.4709	\$1.0369	\$0.4709	(\$0.0144)	\$0.0000	216	63	(\$3.12)	-1.37%	0.00%
Large Commercial Firm	\$1.0513	\$0.4709	\$1.0369	\$0.4709	(\$0.0144)	\$0.0000	1,096	402	(\$15.78)	-1.37%	0.00%
Small Volume Interruptible	\$0.0000	\$0.0000	\$0.0918	\$0.0000	\$0.0918	\$0.0000	5,370	2,316	\$492.95	#DIV/0!	#DIV/0!
Medium Volume Interruptible	\$0.0000	\$0.0000	\$0.0918	\$0.0000	\$0.0918	\$0.0000	37,795	38,096	\$3,469.55	#DIV/0!	#DIV/0!
Large Volume Interruptible	\$0.0000	\$0.0000	\$0.0918	\$0.0000	\$0.0918	\$0.0000	246,350	260,073	\$22,614.90	#DIV/0!	#DIV/0!

	Annual Demand Rate (No Allocation to Interruptible) Per Dth
Small Commercial Demand Billed	\$5.8636
Large Commercial Demand Billed	\$5.8636

	Annual Demand Rate (Allocation to Interruptible) Per Dth
	\$5.7932
	\$5.7932

	Annual Difference
	(\$0.0704)
	(\$0.0704)

	Annual Average Demand Volume (Dth)
	742
	2,103

	Annual Rate Impact (\$)	Annual Rate Percentage Difference
	(\$52.21)	-1.20%
	(\$148.05)	-1.20%

Blended Annual Rate Comparisons for Illustrative Purposes

M=(A\*G+B\*H)/(G+H)

N=(C\*G+D\*H)/(G+H)

O=N-M

P=(G+H)\*O

Q=O/M

	Demand Rate (No Allocation to Interruptible) Per Dth
Residential	\$0.9169
Small Commercial Firm	\$0.9212
Large Commercial Firm	\$0.8955
Small Volume Interruptible	\$0.0000
Medium Volume Interruptible	\$0.0000
Large Volume Interruptible	\$0.0000

	Demand Rate (Allocation to Interruptible) Per Dth
	\$0.9059
	\$0.9100
	\$0.8849
	\$0.0641
	\$0.0457
	\$0.0447

	Difference
	(\$0.0111)
	(\$0.0112)
	(\$0.0105)
	\$0.0641
	\$0.0457
	\$0.0447

	Rate Impact (\$)	Rate Percentage Difference
	(\$0.94)	-1.21%
	(\$3.12)	-1.21%
	(\$15.78)	-1.18%
	\$492.95	#DIV/0!
	\$3,469.55	#DIV/0!
	\$22,614.90	#DIV/0!

## CERTIFICATE OF SERVICE

I, SaGonna Thompson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

**Docket No. G002/M-13-663**

Dated this 11th day of March 2014

/s/

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SaGonna Thompson  
Records Analyst

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