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November 5, 2008

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

Re: In the Matter of the Petition of Minnesota Energy Resources Corporation – PNG
for Approval of a Change in Demand Entitlement for its Viking Gas Transmission
System; Docket No. G011/M-08-1331

Dear Dr. Haar:

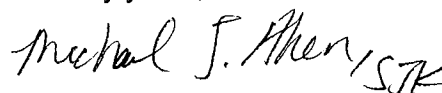
Minnesota Energy Resources Corporation-PNG filed a Petition for Approval of a Change
in Demand Entitlement for its Viking Gas Transmission System on November 3, 2008. After
submitting the filing, MERC realized that the current proposed commodity and demand costs
had not been updated. Enclosed please find the following revised attachments reflecting the
updated information:

- Attachment 4, Page 1 of 2; and
- Attachment 11.

These attachments should replace those included with the public and nonpublic versions of the
initial filing.

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

Sincerely yours,



Michael J. Ahern

cc: Service List

11/5/2008

MINNESOTA ENERGY RESOURCES - PNG

**RATE IMPACT OF THE PROPOSED DEMAND CHANGE
NOVEMBER 1, 2008**

All costs in \$/MMBtu	Last Rate Case G011 M03-1372	Last Demand Change G011 M06-XXXX Nov. 06	Last Demand Change G011 M07-XXXX Nov. 07	VGT		Result of Proposed Change			
				Most Recent PGA	Current Proposal Effective Nov.1,2008	Change from Last Rate Case	Change from Last Demand Change	Change from Last PGA	Change from Last PGA \$
				Oct. 08					

1) General Service, Avg. Annual Use:						139	Mcf			
Commodity Cost	\$2.7770	\$7.3593	\$6.9399	\$6.9633	\$8.3117	199.31%	12.94%	19.36%	\$1.3484	
Demand Cost	\$0.6947	\$1.4386	\$1.1745	\$1.2591	\$1.0908	57.02%	-24.18%	-13.37%	(\$0.1683)	
Commodity Margin	\$1.1771	\$1.1771	\$1.1771	\$1.6263	\$1.6263	38.16%	38.16%	0.00%	\$0.0000	
Total Cost of Gas	\$4.6488	\$9.9750	\$9.2915	\$9.8487	\$11.0288	137.24%	10.56%	11.98%	\$1.1801	
Avg Annual Cost	\$646.18	\$1,386.53	\$1,291.52	\$1,368.97	\$1,533.00	137.24%	10.56%	11.98%	\$164.03	
Effect of proposed commodity change on average annual bills:									\$187.43	
Effect of proposed demand change on average annual bills:									(\$23.39)	

2) Small Vol. Interruptible, Avg. Annual Use:						3,744	Mcf			
Commodity Cost	\$2.7770	\$7.3593	\$6.9399	\$6.9633	\$8.3117	199.31%	12.94%	19.36%	\$1.3484	
Demand Cost										
Commodity Margin	\$0.9000	\$0.9000	\$0.9000	\$1.2434	\$1.2434	38.16%	38.16%	0.00%	\$0.0000	
Total Cost of Gas	\$3.6770	\$8.2593	\$7.8399	\$8.2067	\$9.5551	159.86%	15.69%	16.43%	\$1.3484	
Avg Annual Cost	\$13,766.69	\$30,922.82	\$29,352.59	\$30,725.88	\$35,774.29	159.86%	15.69%	16.43%	\$5,048.41	
Effect of proposed commodity change on average annual bills:									\$5,048.41	
Effect of proposed demand change on average annual bills:									\$0.00	

3) Large Vol. Interruptible, Avg. Annual Use:						105,427	Mcf			
Commodity Cost	\$2.7770	\$6.9399	\$6.9633	\$6.9633	\$8.3117	199.31%	19.77%	19.36%	\$1.3484	
Demand Cost										
Commodity Margin	\$0.2600	\$0.2600	\$0.3592	\$0.3592	\$0.3592	38.15%	38.15%	0.00%	\$0.0000	
Total Cost of Gas	\$3.0370	\$7.1999	\$7.3225	\$7.3225	\$8.6709	185.51%	20.43%	18.41%	\$1.3484	
Avg Annual Cost	\$323,218.80	\$766,263.76	\$779,311.71	\$779,311.71	\$922,817.87	185.51%	20.43%	18.41%	\$143,506.17	
Effect of proposed commodity change on average annual bills:									\$143,506.17	
Effect of proposed demand change on average annual bills:									\$0.00	

4) Small Vol. Firm, Avg. Annual Use:						3,893	Mcf			
Agg. Annual GD Units:						13				
Commodity Cost	\$2.7770	\$6.9399	\$6.9399	\$6.9633	\$8.3117	199.31%	19.77%	19.36%	\$1.3484	
Demand Cost	\$2.7846	\$3.4671	\$3.4671	\$3.4671	\$3.4671	24.51%	0.00%	0.00%	\$0.0000	
Commodity Margin	\$0.9000	\$0.9000	\$0.9000	\$1.2434	\$1.2434	38.16%	38.16%	0.00%	\$0.0000	
Demand Margin	\$1.5000	\$1.5000	\$1.5000	\$2.0724	\$2.0724	38.16%	38.16%	0.00%	\$0.0000	
Total Cost of Gas	\$3.6770	\$7.8399	\$7.8399	\$8.2067	\$9.5551	159.86%	21.88%	16.43%	\$1.3484	
Total Demand Cost	\$4.2846	\$4.9671	\$4.9671	\$5.5395	\$5.5395	29.29%	11.52%	0.00%	\$0.0000	
Avg Annual Cost	\$14,370.26	\$30,585.30	\$30,585.30	\$32,020.70	\$37,270.02	159.36%	21.86%	16.39%	\$5,249.32	
Effect of proposed commodity change on average annual bills:									\$5,249.32	
Effect of proposed demand change on average annual bills:									\$0.00	

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

MINNESOTA ENERGY RESOURCES - PNG

Attachment 7

VGT

	Last Rate Case GR-03- 1372	Last Demand Change M-06- XXXX	Most Recent PGA as Filed- October	October PGA with Current Demand Entitlement Change	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	Change From Most Recent PGA
General Service								
Commodity Cost of Gas (WACOG)	\$2.7770	\$7.3593	\$6.9633	\$8.3117	199.31%	12.94%	19.36%	\$1.3484
Demand Cost of Gas	\$0.6947	\$1.4386	\$1.2591	\$1.0908	57.02%	-24.18%	-13.37%	(\$0.1683)
Commodity Margin	\$1.2628	\$1.1771	\$1.6263	\$1.6263	28.79%	38.16%	0.00%	\$0.0000
Total Cost of Gas	\$4.7345	\$9.9750	\$9.8487	\$11.0288	132.95%	10.56%	11.98%	\$1.1801
Average Annual Usage (Mcf)	139	139	139	139				
Average Annual Total Cost of Gas	\$658.10	\$1,386.53	\$1,368.97	\$1,533.00	132.95%	10.56%	11.98%	\$164.03

	Last Rate Case GR-03- 1372	Last Demand Change M-06- XXXX	Most Recent PGA	Current Proposal	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	Change From Most Recent PGA
Small Volume Interruptible								
Commodity Cost of Gas (WACOG)	\$2.7770	\$7.3593	\$6.9633	\$8.3117	199.31%	12.94%	19.36%	\$1.3484
Demand Cost of Gas	\$0.9000	\$0.9000	\$0.9000	\$1.2434	38.16%	38.16%	38.16%	\$0.3434
Commodity Margin	\$3.6770	\$8.2593	\$7.8633	\$9.5551	159.86%	15.69%	21.52%	\$1.6918
Average Annual Usage (Mcf)	3,744	3,744	3,744	3,744				
Average Annual Total Cost of Gas	\$13,766.69	\$30,922.82	\$29,440.20	\$35,774.29	159.86%	15.69%	21.52%	\$6,334.10

	Last Rate Case GR-03- 1372	Last Demand Change M-06- XXXX	Most Recent PGA	Current Proposal	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	Change From Most Recent PGA
Large Volume Interruptible								
Commodity Cost of Gas (WACOG)	\$2.7770	\$7.3593	\$6.9633	\$8.3117	199.31%	12.94%	19.36%	\$1.3484
Demand Cost of Gas	\$0.2600	\$0.2600	\$0.2600	\$0.3592	38.15%	38.15%	38.15%	\$0.0992
Commodity Margin	\$3.0370	\$7.6193	\$7.2233	\$8.6709	185.51%	13.80%	20.04%	\$1.4476
Average Annual Usage (Mcf)	106,427	106,427	106,427	106,427				
Average Annual Total Cost of Gas	\$323,218.80	\$810,899.24	\$768,754.15	\$922,817.87	185.51%	13.80%	20.04%	\$154,063.73

	Last Rate Case GR-03- 1372	Last Demand Change M-06- XXXX	Most Recent PGA	Current Proposal	Change From Last Rate Case	Change From Last Demand Change	Change From Most Recent PGA	\$ Change From Most Recent PGA
Small Volume Firm								
Commodity Cost of Gas (WACOG)	\$2.7770	\$7.3593	\$6.9633	\$8.3117	199.31%	12.94%	19.36%	\$1.3484
Demand Cost of Gas	\$2.7846	\$3.4671	\$3.3260	\$3.4671	24.51%	0.00%	4.24%	\$0.1411
Commodity Margin	\$0.9000	\$0.9000	\$0.9000	\$1.2434	38.16%	38.16%	38.16%	\$0.3434
Demand Margin	\$1.5000	\$1.5000	\$1.5000	\$2.0724	38.16%	38.16%	38.16%	\$0.5724
Total Commodity Cost	\$3.6770	\$8.2593	\$7.8633	\$9.5551	159.86%	15.69%	21.52%	\$1.6918
Total Demand Cost	\$4.2846	\$4.9671	\$4.8260	\$5.5395	29.29%	11.52%	14.78%	\$0.7135
Total Recovery	\$7.9616	\$13.2264	\$12.6893	\$15.0946	89.59%	14.12%	18.96%	\$2.4053
Average Annual Usage (Mcf)*	3,893	3,893	3,893	3,893				
Average Annual Commodity Bill^	\$14,314.56	\$32,153.45	\$30,611.83	\$37,198.00	159.86%	15.69%	21.52%	\$6,586.18

* Excludes 7 CD Units

Summary	Commodity Change (\$/Mcf)	Commodity Change (%)	Demand Change (\$/Mcf)	Demand Change (%)	Total Change (\$/Mcf)	Total Change (%)	Effect on Annual Bill
General Service	\$1.3484	134.84%	(\$0.1683)	-13.37%	\$1.1801	11.98%	\$164.03
Small Volume Interruptible	\$1.3484	134.84%	\$0.0000	0.00%	\$1.6918	21.52%	\$6,334.10
Large Volume Interruptible	\$1.3484	134.84%	\$0.0000	0.00%	(\$1,4476)	20.04%	\$154,063.73
Small Volume Firm	\$1.6918	169.18%	\$0.7135	14.78%	\$0.0000	0.00%	\$6,586.18

AFFIDAVIT OF SERVICE

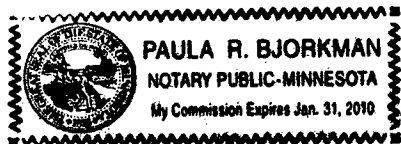
STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Sarah J. Kerbeshian, being first duly sworn on oath, deposes and states that on the 5th day of November, 2008, the attached document was electronically filed with the Minnesota Public Utilities Commission and the Minnesota Department of Commerce. A copy of the filing was provided via United States first class mail to the individuals on the attached service list at the Office of the Attorney General, and the cover letter was provided via United States first class mail to the remaining individuals on the attached service list.

Sarah J. Kerbeshian

Subscribed and sworn to before me
this 5th day of November, 2008.

Paula R. Bjorkman
Notary Public, State of Minnesota



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