

July 17, 2019

Daniel P. Wolf
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-19-303

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

2018 Annual Service Quality Report (Report) submitted by Minnesota Energy Resources Corporation (MERC or Company).

The *2018 Annual Service Quality Report* was filed on May 1, 2019 by:

Amber S. Lee
Regulatory and Legislative Affairs Manager
Minnesota Energy Resources Corporation
1995 Rahncliff Court Suite 200
Eagan, MN 55122

Based on its review of MERC's *2018 Annual Service Quality Report*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **accept** the Company's Report, pending the Company's response in *Reply Comments*, and **deny** MERC's request to discontinue monitoring and reporting Improved Customer Experience project performance metrics and associated \$500,000 annual performance incentive set-aside.

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

Sincerely,

/s/ DANIEL W. BECKETT
Public Utilities Rates Analyst

DWB/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G011/M-19-303

I. BACKGROUND

The genesis of Minnesota Energy Resources Corporation's (MERC or Company) *Annual Service Quality Report* comes from the Minnesota Public Utilities Commission's (Commission) March 1, 2004 *Order* in Docket No. G007,011/CI-02-1369 (02-1369 Docket).

In this *Order*, the Commission required Aquila, Inc. (MERC's predecessor) to file quarterly service quality updates in that docket and requested that the Minnesota Department of Commerce (Department) file its comments reviewing the Company's service quality reports by February 28th of each year. Aquila/MERC filed quarterly service quality reports in the 02-1369 Docket, and subsequent dockets,¹ through calendar year 2009.

On April 16, 2009, the Commission opened an investigation into natural gas service quality standards in Docket No. G999/CI-09-409 (Docket 09-409). In its August 26, 2010 *Order* (09-409 *Order*) in Docket 09-409, the Commission established uniform reporting requirements that Minnesota regulated natural gas utilities are to follow and a list of information that should be provided by each utility in a miscellaneous tariff filing to be made each May 1st reflecting service quality performance during the prior calendar year. The Commission determined that MERC would file subsequent annual service quality reports in lieu of the former quarterly service quality reports.

The Commission supplemented the reporting requirements set out in its 09-409 *Order* with additional requirements in its March 6, 2012 *Order Accepting Reports and Setting Further Requirements* in Docket No. G007,011/M-10-374, *et. al.* This March 6, 2012 *Order* also directed the Minnesota natural gas utilities to convene a workgroup to improve reporting consistency and address other issues. The workgroup² met on June 22, 2012 and developed more uniform reporting.³ Reporting changes as a result of the workgroup consensus are noted in the analysis below.

MERC has filed annual service quality reports in compliance with the 09-409 *Order* in Docket No. G007,011/M-10-374 (Docket 10-374), Docket No. G007,011/M-12-436 (12-436 Docket), Docket No. G007,011/M-13-355 (13-355 Docket), Docket No. G011/M-14-365 (14-365 Docket), Docket No.

¹ Docket Nos. G007,011/M-07-1641 and G007,011/M-09-488.

² Participating in the workgroup were Xcel Energy, CenterPoint Energy, MERC, Great Plains, Interstate Power and Light, and the Department.

³ See Attachments 1 and 2 in the Department's June 27, 2013 *Comments* in Docket No. G007,011/M-13-355 for the matrix summarizing each utility's reporting content for each metric and a workgroup agenda.

G011/M-15-410, Docket No. G011/M-16-371 (16-371 Docket), Docket No. G011/M-17-343 (17-343 Docket), and Docket No. G011/M-18-317.

On April 12, 2019, the Commission issued its Order in Docket No. G011/M-18-317 that required the Company to file the following:

- a. The utility's filing under 49 CFR 192.1007 (e): integrity management plan performance measures; monitoring results; and evaluation of effectiveness in a manner to establish a baseline for ongoing reporting;
- b. A summary of any 2018 emergency response violations cited by MNOPS along with a description of the violation and remediation in each circumstance;
- c. The number of violation letters received by the utility from MNOPS during the year in question; and
- d. A discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission's order in Docket No. G-999/CI-18-41.

On May 1, 2019, MERC filed its *2018 Annual Service Quality Report* (2018 Report). Additionally, the 2018 Report represents the second time MERC has submitted information regarding its performance with respect to the Improved Customer Experience (ICE) Project that was implemented after its 2015 rate case.⁴

The Department provides its analysis of the 2018 Report below, including an analysis of the Company's ICE Project performance.

II. DEPARTMENT ANALYSIS

Each year, the Department analyzes the information provided in the Report in the context of past reports. The Department provides further detail on each reporting metric by discussing each separately below.

A. CALL CENTER RESPONSE TIME

Minnesota Rules, part 7826.1200⁵ requires Minnesota's electric utilities to answer 80 percent of calls made to the business office during regular business hours within 20 seconds. Consistent with this requirement, the Commission required the regulated gas utilities to provide in their annual service quality reports the call center response time in terms of the percentage of calls answered within 20 seconds.

MERC reported the percentage of calls answered within 20 seconds in Attachment 1 of its Report, as required by the *09-409 Order*. As shown in Table 1 below, MERC answered approximately 78.83

⁴ Docket No. G011/GR-15-736

⁵ Titled *Call Center Response Time*.

percent of calls made to its business center within the required 20 seconds, on average. The monthly percentages ranged from a low of 65 percent in March to a high of 89 percent in December.

MERC also provided the monthly average speed of answer. The average speed for 2018 was 19.67 seconds, which is faster than the Company's nine-year average of 22.70 seconds.

Table 1: Call Center Response Time

	12 Mo. Avg. Within 20 Seconds	Avg. Speed (Seconds)	12 Mo. Avg. Number of Calls
2010	81.14%	17.42	23,111
2011	80.02%	18.25	20,668
2012	81.56%	19.42	27,321
2013	81.39%	19.00	33,117
2014	74.88%	33.83	33,165
2015	78.36%	27.42	30,811
2016	80.50%	34.83	21,081
2017	83.67%	14.50	20,404
2018	78.83%	19.67	21,998

MERC noted that the increase in answer speed was due to the 8 percent increase in call volume in 2018 compared to 2017. The Department acknowledges that it is reasonable to expect call volumes to impact answer times, but notes that MERC has been able to handle as high or higher call volumes in the past with better answer times (2010, 2012, 2013). The Department has noted in the past⁶ that MERC's call volumes do not appear to be an indicator of MERC's response time performance.

Table 2 below shows the annual weighted average response time for non-emergency calls, based on MERC's annual service quality reports:

⁶ See the Department's October 20, 2017 Comments in Docket Nos. G011/M-16-371 and G011/M-17-343, page 4.

Table 2: Annual Weighted Average Response Time

	Response Time (seconds) ⁷	Total Calls
2010	17	277,329
2011	18	248,020
2012	20	327,851
2013	19	397,404
2014	36	397,976
2015	28	369,736
2016	38	252,972
2017	15	244,853
2018	20	263,979

The Department notes that the previous two years' performance appears to be somewhat in line with Company's performance pre-2014. MERC has indicated in the past that its performance in 2014-2016 worsened due to specific events and circumstances (i.e., the 2014 polar vortex and ICE implementation) and were not indicative of a particular trend. The Department concludes that MERC's answer time performance in the past two years appears to confirm that MERC's performance is returning to normal levels. The Department encourages MERC to continue to strive to answer an average of 80 percent of calls within 20 seconds.

The Department acknowledges that MERC has fulfilled the reporting requirements of the 09-409 and 10-374 *Orders*.

B. METER READING PERFORMANCE

In its 09-409 *Order*, the Commission required each utility to report meter reading performance data in the same manner as prescribed in Minnesota Rule 7826.1400. Specific to MERC, the Commission also required that the Company provide meter reading statistics related to farm tap customers. The Company provided, as an attachment to its Report, the meter reading performance data per Minnesota Rules both with and without farm tap data included. Farm tap customers are required to self-read their meters, and to allow MERC to read the meters annually.

Table 3 below summarizes MERC's meter reading data. When excluding farm tap customers, MERC reported that an annual average of 98.34 percent of customer meters were read by utility personnel and 0.04 percent were read by the customer in 2018. Please note that MERC includes both estimated and customer-read meters in the customer-read category.

⁷ Calculated by multiplying the monthly call volume by the monthly average answer time for each of the 12 months, adding the 12 results together and dividing that sum by the total annual call volume.

Table 3: Meter Reading Performance⁸

	Avg. # of Meters	% Company Read	% Customer Read	Avg. # not Read in 6-12 mo.	Avg. # not Read in Over 12 mo.	Staff Level
2010	212,790	97.85%	2.15%	6	3	30
2011	212,821	97.03%	2.97%	1	0	29
2012	212,859	98.03%	1.94%	1	0	29
2013	214,564	96.25%	3.75%	3	6	27
2014	218,220	96.33%	3.67%	4	0	21
2015	226,493	97.77%	0.26%	2	0	26
2016	238,936	96.04%	0.04%	0	0	25
2017	232,730	99.94%	0.05%	2	1	24
2018	237,606	98.34%	0.04%	0	0	23

Table 3a: Farm Tap Meter Reading Performance

	Total. # not Read in 6-12 mo.	Total. # not Read in Over 12 mo.
2010	3,297	499
2011	1,839	264
2012	2,097	270
2013	1,069	237
2014	1,439	91
2015	1,406	78
2016	12,419	530
2017	1,540	14
2018	0	0

The Department notes that in Attachment 2 to the Company’s 2018 Report, the categories for meters not read in 6-12 and greater than 12 months, for both farm tap and non farm tap meters, the values seem to be missing. The Department assumes this was an error and requests that the Company, in reply comments, provide these data.

MERC’s Attachment 2-A to 2018 Report included meter reader staffing data for the period 2010-2018 based on payroll time charged to meter reading. Attachment 2-A listed MERC Full Time Equivalent (FTE) data for the period 2010-2018 based on payroll time charged, and third-party contractors who conducted meter reading on behalf of MERC. MERC’s staffing levels increased from 30.72 in 2017 to 32.92 in 2018, including contractors. Gradually, MERC has been reducing internal FTEs while increasing

⁸ The numbers represented herein are without the farm tap data.

contract FTEs. In 2010, there were approximately 27 internal FTEs and 5 contractor FTEs, and in 2018 there were approximately 23 internal and 10 contract FTEs.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

C. INVOLUNTARY SERVICE DISCONNECTIONS

The Commission's 09-409 *Order* requires each Minnesota regulated gas utility to provide involuntary service disconnection data in the same manner that it reports these data under Minnesota Statutes §§ 216B.091 and 216B.096, which relate to the Cold Weather Rule (CWR). The Company provided these data in Attachment 3 to its Report.

Regarding the Company's reported data on disconnections over the previous three years, MERC stated the following:⁹

As discussed in MERC's 2016 and 2017 Service Quality Reports, MERC temporarily suspended disconnection activity during transition to its new ICE system and during the period of system stabilization. As a result, MERC's 2016 disconnection rates were lower than prior years. The suspension of credit and collection activities during a CIS conversion is common practice. In particular, the primary focus following conversion and during system stabilization is to ensure the ability to bill customers accurately and in a timely manner, and to respond to customer calls and inquiries. As those systems stabilize, credit and collection activities are re-initiated. MERC reinitiated its disconnection process in the latter part of 2016 and ... 2017 disconnection rates increased from 2016 levels. In 2018, disconnections returned to being more in line with historic levels.

Table 4 summarizes MERC's involuntary disconnection statistics.

⁹ 2018 Report, p. 5

Table 4: Involuntary Service Disconnections

	Disconnect Notices Sent	# of CWR Requests*	CWR Requests Granted*	% CWR Granted	Involuntary Disconnects	% Restored in 24 hrs.
2010 ¹⁰	n/a	n/a	n/a	n/a	n/a	n/a
2011	62,880	4,678	4,678	100%	7,534	51.86%
2012	55,611	5,407	5,407	100%	6,358	90.42%
2013	71,491	6,058	6,058	100%	8,484	81.34%
2014	87,069	7,014	7,014	100%	6,801	88.08%
2015	71,061	8,748	8,748	100%	5,393	48.23%
2016	2,690	4,649	4,649	100%	782	37.85%
2017	37,208	8,751	8,751	100%	1,744	41.17%
2018	58,151	10,014	10,014	100%	3,438	69.60%

**Residential customers only*

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

D. SERVICE EXTENSION REQUESTS

In its 09-409 *Order*, the Commission required that each utility provide in its annual Report service extension request information in the same manner as detailed in Minnesota Rule 7826.1600,¹¹ items A and B, except for information already provided in Minnesota Statutes §§ 216B.091 and 216B.096, subd. 11.¹² The Company provided, as an attachment to its Report, the required service extension request data. Two sets of data are presented in the Report, one for new service extensions to properties previously not connected to the utility’s system, and the second regarding connections of those properties previously connected to the system.

Table 5 provides a summary of MERC’s service extension information, reported as monthly averages. The total number of requests for service to locations not previously served in 2018 was 2,555. There was an average wait time of 26 days for commercial requests and 19 days for residential requests in 2018, both of which are below the historical nine-year average for the Company.

¹⁰ The Company did not file the data with its May 2, 2011 Service Quality Report but referred to its reports filed under Minnesota Statutes §§ 216B.091 and 216B.096. Thus, not applicable (n/a) is used for 2010.

¹¹ Titled *Reporting Service Extension Request Response Times*.

¹² Titled *Reporting*, and regarding the Cold Weather Rule.

Table 5: Service Extension Requests (New Customers)

	Residential		Commercial	
	Avg. # of Installations	Weighted Avg. # of Days to Complete	Avg. # of Installations	Weighted Avg. # of Days to Complete
2010	84	18	9	26
2011	103	26	13	22
2012	140	18	12	34
2013	173	21	6	25
2014	170	24	12	75
2015	165	30	19	46
2016	169	12	20	20
2017	189	19	22	27
2018	188	19	25	26

As shown in Table 5(a) below, in 2018 there were, on average, 405 residential and 33 commercial service requests from current customers. The weighted average number of days to complete these requests has typically been within a day for both residential and commercial requests.

Table 5 (a): Service Extension Requests (Previous Customers)

	Residential		Commercial	
	Mo. Avg. # of Installations	Weighted Avg. # of Days to Complete	Mo. Avg. # of Installations	Weighted Avg. # of Days to Complete
2010 ¹³	n/a	n/a	n/a	n/a
2011	702	1	38	0
2012	686	1	51	0
2013	610	1	48	0
2014	991	0	42	0
2015	760	0	84	0
2016	533	0	32	0
2017	421	0	37	0
2018	405	0	33	0

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

¹³ The Company did not have data from January through June in its May 2, 2011 Service Quality Report. Thus, not applicable (n/a) is used for 2010.

E. CUSTOMER DEPOSITS

In its 09-409 *Order*, the Commission required that each utility provide in its annual report data on customer deposits required for service as detailed in Minnesota Rules part 7826.1900. Please see Table 6 below.

Table 6: Customer Deposits

	Deposits Required	Deposits Held
2010	29	865
2011	16	881
2012	23	695
2013	16	625
2014	17	538
2015	2	499
2016	0	3
2017	672	88
2018	0	66

MERC stated the following regarding the oscillating number of deposits collected over the previous three years:¹⁴

As discussed in MERC’s July 30, 2018, Reply Comments filed in the Company’s 2017 Gas Service Quality Report docket, Docket No. G011/M-18-317, in late 2017, MERC discovered that it collected deposits from low-income customers in violation of the Company’s policy, and the deposits collected were higher than allowed under MERC’s tariff. Upon realizing the mistake, the Company refunded all residential deposits collected in 2017. MERC also suspended collection of deposits in 2017, and that trend continued in 2018.

MERC filed a request for approval to increase the allowable amount of cash deposit or surety bond that can be required for residential customers on January 25, 2019, in Docket No. G011/M-19-108. In particular, MERC has proposed to increase the maximum allowable deposit amount from one to two months’ worth of estimated or existing billings in order to be able to assess deposits for Residential customers in accordance with the same practices applicable to other WEC Energy Group utilities, consistent with Minnesota rules.

¹⁴ 2018 Report, p. 6

The Department notes that, in Docket No. G011/M-19-108, the Commission's May 21, 2019 Order denied the Company's proposal to increase the maximum allowable deposit for residential customers.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

F. CUSTOMER COMPLAINTS

The Commission's 09-409 *Order* requires Minnesota gas utilities to provide customer complaint data in the same manner as prescribed in Minnesota Rule 7826.2000. The Company provided, as an attachment to its Report, these customer complaint data.

MERC's Attachment 5 includes customer complaints as summarized in Table 7 below. In a similar manner to 2017, complaints in 2018 were much larger than recent years. Regarding the larger number, MERC stated the following:¹⁵

MERC notes that overall, the number of complaints received in 2018 is higher than the number of complaints received in 2017. The higher number of complaints is due to a change in our methodology. Specifically, MERC has provided significant training to call center representatives to help identify when customers are not satisfied and to recognize when customers call multiple times. In these instances, a call center supervisor will perform a call back and all call backs are tracked as a complaint...the change in MERC's complaint tracking complicates year-to-year historical comparisons, however, in the long-run, it will be beneficial to use consistent methodology that comprehensively identifies all inquiries and appropriately categorizes customer complaints.

The Department agrees with MERC in that year-to-year historical comparisons may be less useful now compared to future years when more data points have been collected. The Department looks forward to having more data that are comparable after next year's filing.

To facilitate long-term tracking and cross checking of customer complaint data, the utilities participating in the workgroup agreed to begin providing a copy of the May 1 customer complaint report required by Minnesota Rule 7820.0500 in their annual service quality report beginning with the 2013 report. A copy of the May 1, 2018 report was included in MERC's Service Quality Report. The Department also located MERC's Minnesota Rule 7820.0500 report in Docket No. E,G999/PR-19-13 (19-13 Docket).

¹⁵ *Id.* p. 7

Table 7: Customer Complaints

	# of Complaints Received	# Forwarded by CAO	% Resolved on Initial Inquiry
2010	2,540	23	93.9%
2011	3,257	12	99.7%
2012	1,904	15	89.0%
2013	1,753	25	86.4%
2014	557	26	71.3%
2015	454	55	28.4%
2016	577	27	18.4%
2017	1,547	10	64.6%
2018	1,883	8	58.4%

MERC’s customer complaint data for 2014 to 2018 by complaint category is shown in Table 7(a):

Table 7(a): Customer Complaints by Resolution Type

	# of Complaints	% Agree with Customer Action	Compromise with Customer	Not within Control of the Utility	Refuse Customer’s Request
2014	557	44.17%	27.47%	1.08%	27.29%
2015	454	41.41%	40.31%	8.59%	9.69%
2016	577	54.77%	27.21%	5.72%	12.31%
2017	1,547	59.53%	39.82%	0.13%	0.52%
2018	1,883	85.40%	13.81%	0.11%	0.69%

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 *Orders*.

G. GAS EMERGENCY CALLS

In its 09-409 *Order*, the Commission required that Minnesota regulated natural gas utilities collect gas emergency phone line data. MERC provided these data in Attachment 6 to its Report. Specifically, the Company provided data related to the total number of calls, the average telephone answer time, and the percentage of calls that were answered within 15 seconds (MERC’s internal goal). All utilities participating in the Service Quality Reporting Workgroup¹⁶ agreed to provide their internal performance goal for answering gas emergency calls (x percent in x seconds).

¹⁶ MERC participated in the Service Quality Reporting Workgroup, which met on June 22, 2012.

According to the information provided by MERC, for 2018, the Company reported 21,920 emergency phone calls, averaging approximately 1,827 per month. The average number of monthly calls increased slightly in 2018 by 159, but the monthly average has remained in line with historical averages. Table 8 below shows that, while the total number of gas emergency phone calls increased in 2018, the speed with which calls were answered improved over 2017.

Table 8: Gas Emergency Calls

	# of Gas Emergency Calls	Average Response Time	% of Calls Answered in 15 Seconds or Less
2010	16,218	7.25	91.58%
2011	17,471	7.08	92.19%
2012	17,341	6.83	92.33%
2013	19,011	6.83	92.66%
2014	19,205	10.08	92.88%
2015	19,204	9.25	93.31%
2016	23,773	3.92	95.59%
2017	20,017	5.58	93.04%
2018	21,920	5.42	93.67%

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 *Orders*.

H. GAS EMERGENCY RESPONSE TIME

In its 09-409 *Order*, the Commission required that Minnesota regulated gas utilities collect and provide data regarding gas emergency response times including the percentage of emergencies responded to within one hour and within more than one hour. Additionally, the Commission required MERC to report the average number of minutes it takes to respond to an emergency. MERC provided these data in Attachment 6 to its Report.

The Department notes that MERC provided emergency response data in service quality reports prior to the 09-409 *Order*. In these earlier service quality reports, the Company remarked that its internal goal is to respond to 97 percent of emergency calls in less than an hour. Through the Company’s participation in the workgroup, MERC agreed to continue to provide data based on this internal gas emergency response goal.

As shown in Table 9 below, MERC responded to 6,625 gas emergencies in 2018, an approximately four percent increase year-over-year. Of the 6,625 incidents, 95.2 percent of them were responded to in less than one hour. The average response time in 2018 was quicker than recent years at 26.70 seconds, while the percent of incidents taking longer than an hour for a response was lower at 4.40.

Table 9: Gas Emergency Response Time

	Gas Emergencies	% Responded to in <1 hour	% Responded to in >1 hour	Avg. Response Time (minutes)
2010	7,010	95.3%	4.69%	27.25
2011	6,638	95.6%	4.38%	27.33
2012	6,221	93.6%	6.42%	30.08
2013	6,306	96.2%	3.76%	28.67
2014	6,896	94.3%	5.70%	23.67
2015	5,832	95.4%	4.68%	26.92
2016	5,382	94.4%	5.58%	28.00
2017	6,344	95.2%	4.76%	28.15
2018	6,625	95.6%	4.40%	26.70

On a monthly basis in 2018, the Department notes that the average response times are tightly clustered, with 30 minutes being the longest average response time (in October) and 25 minutes being the shortest average response time (in August).

The Department acknowledges that MERC has fulfilled the reporting requirements of the 09-409 *Order*.

I. MISLOCATES

The Commission’s 09-409 *Order* requires Minnesota natural gas utilities to provide data on mislocates, including the number of times a line is damaged due to a mismarked line or failure to mark a line. MERC provided the number of mislocates, by month, in Attachment 7 to its Report.

As shown in Table 10, MERC’s Report indicated that there were 36 mislocates out of a total of 98,514 locates, resulting in an approximate mislocate rate of 0.03 percent in 2018.

Table 10: Mislocates

	# of Locates	# of Mislocates	% of Mislocates	Mislocates per 1,000 Tickets
2010	70,013	21	0.04%	0.30
2011	69,971	12	0.01%	0.17
2012	70,996	24	0.03%	0.34
2013	76,519	11	0.01%	0.14
2014	84,446	13	0.01%	0.15
2015	92,476	37	0.04%	0.40
2016	99,309	44	0.05%	0.44
2017	101,266	39	0.05%	0.39
2018	98,514	36	0.03%	0.37

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

J. DAMAGED GAS LINES

The Commission’s 09-409 *Order* requires Minnesota regulated gas utilities to provide data on damaged gas lines, including the number of lines damaged by Company employees or contractors, the total number of other damage events, and the number of events that were unplanned in nature. Table 11 summarizes MERC’s damaged gas lines information.

Table 11: Damaged Gas Lines

	Damage by Utility	Damage by Others	Total	Miles of Line	Damage/100 Line Miles
2010 ¹⁷	6	171	177	n/a	n/a
2011	21	191	212	n/a	n/a
2012	32	142	174	4,453	3.91
2013	9	147	156	4,536	3.44
2014	28	177	205	4,536	4.52
2015	37	194	231	4,829	4.78
2016	12	37	49	4,894	1.00
2017	39	204	243	4,953	4.91
2018	48	206	254	5,024	5.06

The Company reported that there were no damage events that were attributable to system issues (e.g. random equipment failure) in 2018.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

¹⁷ MERC provided information regarding the total number of damage events in its 2010 and 2011 *Annual Service Quality Reports*, but did not provide the miles of line.

K. SERVICE INTERRUPTIONS

In its 09-409 *Order*, the Commission required that Minnesota regulated natural gas utilities collect data regarding service interruptions. The utilities are required to separate these data into categories based on whether the event was caused by Company employees, Company contractors, or some other unplanned causes. MERC provided these data in Attachment 9 to its Report. The number of service interruptions on MERC’s system is shown in Table 12 below.

Table 12: Service Interruptions

	Caused by Utility	Caused by others	Total Interruptions
2010	7	41	48
2011	8	145	156
2012	17	136	153
2013	5	129	134
2014	1	152	153
2015	22	155	177
2016	35	162	197
2017	26	150	176
2018	26	159	185

The Department notes that the interruption numbers reported by MERC were relatively consistent with past yearly data. MERC did state the following, however, regarding two incidents that impacted a large number of people:¹⁸

As shown in Attachment 9, and summarized in Attachment 10, May and August had outages that impacted a large number of customers. In May, during planned work before a pressure upgrade, pressure was lost on our system impacting 308 customers. In August 2018, 320 customers were impacted by a single event that resulted from a mislocate that required the Rochester Fire Department to squeeze off the main.

The Commission’s March 6 2012 Order in Docket No. G007,011/M-10-374, *et. al.* required MERC to provide the number of customers affected by a service interruption and the average duration of the interruptions beginning with its 2011 report. Through its participation in the workgroup, MERC indicated that it would calculate total outage time as beginning when the outage is reported and ending when service is restored to the last affected customer. Consequently, as part of its Report, MERC included an attachment with an item-by-item breakdown of each service interruption in 2018 (Attachment 9-A of the Report).

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

¹⁸ 2018 Report, pp. 8-9

L. MNOPS REPORTABLE EVENTS

The 09-409 *Order* also required Minnesota regulated natural gas utilities to provide summaries of all major events that are immediately reportable to the Minnesota Office of Pipeline Safety (MnOPS) and provide contemporaneous reporting of these events to both the Commission and Department when they occur. The Company began providing this information starting with its 2011 annual report. Please see Table 13 below.

Table 13: MNOPS Reportable Events

	Reportable Interruptions
2010	n/a
2011	2
2012	9
2013	11
2014	18
2015	35
2016	25
2017	25
2018	26

In Attachment 10 to its Report, the Company reported details regarding the 26 MnOPS reportable events during 2018.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

M. CUSTOMER SERVICE RELATED OPERATIONS AND MAINTENANCE (O&M) EXPENSES

Along with the service quality data referenced above, the Commission also requires Minnesota regulated natural gas utilities to report customer-service-related operation and maintenance (O&M) expenses related to its Federal Energy Regulatory Commission (FERC) 901 and 903 accounts. MERC provided these data in Attachment 11 to its Report.

In 2018, MERC reported total customer-service-related O&M expenses of \$5,279,836, which corresponds to approximately \$420,161 O&M expenses per month, on average. See Table 14 below.

Table 14: Customer Service Related O&M Expenses

	FERC 901	FERC 903	O&M Total	O&M Average/Month
2010			\$5,964,790	\$497,066
2011	\$417,993	\$5,944,342	\$6,362,335	\$530,195
2012	\$505,142	\$5,904,186	\$6,409,328	\$534,111
2013	\$435,474	\$6,072,592	\$6,508,066	\$542,339
2014	\$444,076	\$5,764,171	\$6,208,247	\$517,354
2015	\$621,406	\$6,377,977	\$6,999,383	\$583,282
2016	\$1,160,044	\$3,762,930	\$4,922,974	\$410,248
2017	\$627,481	\$3,971,403	\$4,598,884	\$401,245
2018	\$1,530,164	\$3,749,672	\$5,279,836	\$420,161

The Department acknowledges that MERC has fulfilled the FERC 901 and 903 accounts reporting requirements.

O. ICE PERFORMANCE INDICATORS

In addition to the categories discussed above pertaining to MERC’s Service Quality Report, the Commission, in its October 31, 2016, *Findings of Fact, Conclusions, and Order* in Docket No. G011/GR-15-736, required the Company to develop, in consultation with the Department, the Office of the Attorney General – Residential Utilities and Antitrust Division (OAG), and Commission Staff, a tool or survey to measure the effectiveness over time of the Improved Customer Experience (ICE) Project as it relates to the customer services that were intended to be improved by the project. In particular, the Commission’s Order¹⁹ provided the following:

On an annual basis starting in 2017, MERC shall place \$500,000 from ratepayers into an account.

a. By February 2017 MERC shall develop a tool or survey to measure the effectiveness over time of the ICE project as it relates to the customer services that were intended to be improved by the project. Any survey, consultant, program, or tool to measure project effectiveness must be adopted in consultation with the Department and the OAG.

b. The Company, after consultation with the Department and the OAG, shall set annual ICE-project customer-service benchmarks to be reached by the end of 2017. The Company may modify these benchmarks and shall report annually unless the Commission determines ongoing monitoring is no longer necessary and that the \$500,000 no longer needs to be set aside as a performance incentive.

¹⁹ *Findings of Fact, Conclusions, and Order*, Docket No. G011/GR-15-736 at 55 (October 31, 2016) (Order Point 11)

c. The Company shall report performance towards these benchmarks annually at the same time they do their service quality reporting. At that time the Commission will determine whether the benchmarks for retention of the \$500,000 have been met.

This is the second time that the Company has reported on its performance related to ICE, and the Commission's Order, in its annual service quality filing.

On January 31, 2017, MERC submitted a compliance filing regarding the ICE performance indicators in Docket No. G011/GR-15-736, which detailed the Company's proposed plan to implement and evaluate the ICE performance metrics.²⁰ That filing defined the metrics that were agreed upon by the parties that MERC was to report on in its annual service quality filings. Attachment 13 to MERC's 2018 Report details its performance with regard to the ICE metrics. The agreed-upon metrics and their definitions are listed below.

- Customer Transaction Satisfaction – Measures customer satisfaction with their transaction based on a third party survey;
- Residential First Call Resolution – Measures customer's perception of resolving their issue on their first contact;
- Billing Accuracy – Percentage of bills that are not cancelled, rebilled, or adjusted;
- Billing Timeliness – Percentage of bills created within the billing window, not including any impacts from printing and mailing process;
- Even Payment Plan Adoption – Percent of customers on even payment plan;
- E-Bill Adoption – Percent of customers enrolled in e-billing;
- E-Payment Adoption – Percent of electronic payments;
- Field Service Appointments Kept – Percentage of customer appointments kept;
- IT/Security – Number of masked data fields and number of tokenized data fields; and
- Net Write off as Percent of Revenue – The ratio of the dollar amount of receivables written off less recoveries against gross write-offs, divided by rolling 12 months of revenue

With the exception of the field service appointment metric, MERC established pre-ICE baselines that were a 3-year average of the relevant data under its former Vertex system. ICE was implemented January 2016, with system stabilization occurring through the remainder of that year. For ease of reference, Attachment 1 to these Comments provides the Company's 2018 ICE performance.

The Department notes that, for the Customer Transaction Satisfaction metric, the Company switched from a third-party telephone survey to an email survey. As discussed in Docket No. G011/M-18-317 and in order to provide a meaningful comparison of yearly performance, the Company completed an analysis that allowed for a statistical adjustment of results under the newly-implemented email survey method. The Company stated that it performed the same statistical adjustment to its 2018 performance so as to more accurately compare 2018 performance with previous years. As detailed in

²⁰ This compliance filing was approved in the Commission's Order dated February 13, 2017.

Attachment 1 to these Comments, MERC's 2018 performance was 86.9 percent, which represents an improvement over the previous two years, and is above its pre-ICE baseline level.

The Company maintained or improved upon past performance in every category other than Billing Accuracy, Billing Timeliness, and Net Write-Off as Percent of Revenue.

As for the dip in performance in 2018 regarding Billing Accuracy, moving from 98.93 in 2017 to 98.85 percent in 2018, the Company stated that factors unrelated to its ICE system contributed to the dip. Specifically, the Company stated that reduced billing staff contributed to the reduction and that "turnover in meter reader staffing required that MERC supplement with staffing from temporary workers who required additional training, resulting in more inaccurate meter reads and inaccurate bills in 2018."²¹ Additionally, the Company stated that it expects to experience lower Billing Accuracy performance related to meter reader staffing turnover until the implementation of MERC's advanced metering infrastructure (AMI) project in 2019 and 2020.

Regarding the slight reduction in performance for Billing Timeliness, the Company attributed the reduction to similar issues as had impacted Billing Accuracy, namely meter reading staff turnover. Additionally, MERC stated that weather and customer billing disputes can impact the timeliness of billing. The Department appreciates MERC's discussion of its downward trending performance related to Billing Accuracy and Timeliness and agrees with the Company regarding the impact meter reader staffing turnover can potentially have on those two metrics. The Department concludes that it is possible that the benefits expected from ICE implementation may have been out-weighed by the unrelated challenges experienced due to meter reading staffing issues.

While the Company saw its worst performance regarding Net Write-Offs as a Percentage of Revenue in 2018 when compared with the previous two years and pre-ICE baselines, MERC stated that it "believes it has seen improvements resulting from the implementation of ICE that contribute to reducing or containing uncollectable expenses, such as increased use of e-billing, e-payment, and payment options."²² Additionally, the Company stated that this particular metric is impacted by factors outside of its control, such as weather and gas prices. The average temperature for the six-month heating season of 2018 was in fact below the average for the 30 years prior.²³

MERC achieved its stated goal in each of the following categories – Customer Transaction Satisfaction, Residential First Call Resolution, Even Payment Plan Adoption, Electronic Bill Adoption, Electronic Payment Adoption, and Field Service Appointments Kept. Given the achievements in these metric categories, and the non-ICE factors that likely impacted the performance in the three other metrics, the Department recommends that the Commission allow MERC to retain the \$500,000 set aside as a 2018 performance incentive.

²¹ 2018 Report, p. 17

²² *Id.* p. 22

²³ The six-month average temperature for the heating season ending April 2018 was 24.34 degrees. The 30-year average for the same season prior to 2018 was 27.76 degrees. Data accessed at <https://arcgis.dnr.state.mn.us/ewr/climatetrends/#>.

MERC requested that the requirement to set aside \$500,000 annually as a performance incentive and to monitor and report its ICE performance metrics be discontinued. Specifically, the Company stated the following in its concluding remarks:²⁴

Additionally, because MERC's 2017 and 2018 ICE performance metrics indicate that the ICE Project has achieved its stated objectives in improving customer service, MERC requests that the Commission determine that ongoing monitoring and reporting is no longer necessary, and that the \$500,000 no longer needs to be set aside as a performance incentive. Now that ICE has been implemented, further significant improvements stemming directly from the ICE Project in the identified performance measures are not anticipated, although incremental improvements in a number of areas are likely to continue. MERC believes it has demonstrated improvements with respect to the identified ICE Performance Indicators and has fully explained areas where factors outside of the ICE Project have and will continue to impact overall performance.

The Department does not agree with MERC that monitoring and reporting of its performance related to the ICE Project is no longer necessary. As MERC noted in its July 30, 2018 Reply Comments in Docket No. G011/M-18-317:

Because each of the metrics is affected by much more than just the ICE technology or platform, MERC could never achieve, much less guarantee, that year after year each metric would improve. Rather, "continuous improvement" can be achieved, and should be evaluated, over a longer period of time, starting with the 2013-2015 baseline performance.

The Department notes that, including 2016, which was a transition year in terms of ICE implementation, the Commission has only 3 years of ICE performance metric information, and which has demonstrated mixed results for some metrics, particularly for Billing Accuracy, Billing Timeliness, and Net Write-offs as Percent of Revenue. The Department agrees with MERC's Reply Comments in the 18-317 Docket that improvements due to ICE may not be reflected in a particular year's metric results, and that the level of improvement can only be evaluated over a longer period of time.

However, the Department also notes that MERC's anticipated advanced metering infrastructure (AMI) project (expected to be implemented in 2019-2020) may impact many of the ICE metrics. Once AMI is implemented, it may be reasonable to discontinue reporting these metrics with respect to evaluating ICE improvements, since it will be difficult to assess the extent to which the metrics are impacted by AMI and the extent to which they are impacted by ICE. At this time, however, the Department recommends that the Commission deny MERC's request to discontinue setting aside its \$500,000 ICE performance incentive and deny the Company's request to discontinue monitoring and reporting the ICE performance metrics.

²⁴ 2018 Report, p. 23

P. ADDITIONAL REPORTING REQUIREMENTS

The Commission's April 12, 2019 Order in Docket No. G002/M-18-317 required the Company to provide the following additional information in its annual service quality report.

- A. The utility's filing under 49 CFR 192.1007 (e): integrity management plan performance measures; monitoring results; and evaluation of effectiveness in a manner to establish a baseline for ongoing reporting.*

The Company included this information in Attachment 12 of its 2018 Report as well as a general overview of the Company's integrity management plan, monitoring results, and the effectiveness of establishing a baseline for ongoing reporting. The Company stated the following regarding this Ordering Point:²⁵

MERC's integrity management risk analysis incorporates factors beyond the data provided in Attachment 12 (i.e. leaks and excavation damages) including consequence, risk and consequence probability, and frequency (e.g. the relative percentage of leaks by cause to the total number of leaks for the system). And while the identified effectiveness criteria provide a trigger for further investigation, a deeper analysis of the data is necessary to properly and fully evaluate risk and identify any appropriate actions to mitigate or address risks. Consequently, the Company is constantly reviewing risk and effectiveness and reprioritizing based on current data. Notably, as construction related to right-of-way relocation work, reliability, and integrity management has increased in recent years, so too has the available data and visibility into risks on MERC's system.

The Department appreciates the discussion provided by MERC and acknowledges fulfillment with the ordering point.

- B. A summary of any 2018 emergency responsive violations cited by MNOPS along with a description of the violation and remediation in each circumstance.*

In compliance with this Ordering Point, the Company provided this information in Attachments 10 and 10A. MERC was cited for 26 MNOPS Reportable Events in 2018 for outages caused by various issues such as erosion, contractor and location problems.

- C. The number of violation letters received by the utility from MNOPS during the year in question.*

The Company stated that it received eight violation letters in 2018, each of which were related to locating issues.

²⁵ *Id.* p. 11

D. A discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission’s order in Docket No. G-999/CI-18-41.

The Company provided a discussion of excess flow valves (EFVs) and manual service line shutoff valves that was consistent with what it provided in its compliance filing in Docket No. G-999/CI-18-41. The Company stated that:²⁶

MERC has installed EFVs on all new residential and small commercial service lines with known customer loads not exceeding 1,000 standard cubic feet per hour (“SCFH”) as part of our routine installation procedures. For new or replaced service lines with installed meter capacity exceeding 1,000 SCFH, federal regulations require the installation of either a manual service line shut-off valve or, if possible based on sound engineering analysis and availability, an EFV. When applicable and EFVs are not an option, MERC will install manual service shut-off valves as an added safety measure.

Additionally, the Company provided the following table showing its historical numbers of EFVs and manual shut-off valves that have been installed.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
EFVs	711	1,477	3,536	2,678	3,123	2,995	3,885	4,421	4,007	50,363
Manual Shut-off Valves								31	93	124

The Company stated that it has been installing EFVs since 2004 but that required reporting to PHMSA did not begin until 2011. Therefore, the total reported in the table is higher than a horizontal summation of the figures from 2010 to 2018. The Company proposed to continue reporting annual updates in future Gas Service Quality Reports.

The Department notes that, at the Commission’s July 1, 2019 Agenda Meeting, the Commission required the natural gas utilities to submit annual compliance reports on progress made towards complying with Ordering Paragraph 7a-c of the Commission’s August 20, 2018 Order in Docket No. G999/CI-18-41, *in the Matter of a Commission Investigation into Natural Gas Utilities’ Practices, Tariffs and Assignment of Cost Responsibility for Installation of Excess Flow Valves and other Similar Gas Safety Equipment*. Therefore, it may no longer be necessary for the utilities to provide the same information in their annual service quality reports.

²⁶ *Id.*, p. 12.

The Department acknowledges fulfillment of the Commission's Order in Docket No. G002/M-18-317.

III. SUMMARY AND CONCLUSIONS

Based on its review of MERC's 2018 *Annual Service Quality Report*, the Department recommends that the Commission accept the Company's Report pending MERC's response in *Reply Comments*. The Department requests that the Company provide the following in its *Reply Comments*:

- a corrected Attachment 2 that includes the number of meters, both with and without farm taps, that have not been read for 6-12 months and greater than 12 months

The Department recommends that the Commission allow MERC to retain the \$500,000 set aside as an ICE performance incentive.

The Department recommends that the Commission deny MERC's request to discontinue monitoring and reporting Improved Customer Experience project performance metrics and associated \$500,000 annual performance incentive set-aside.

Finally, the Department recommends that the Commission continue to require MERC to report the information outlined in item 3 of the Commission's April 12, 2019 *Order* in Docket No. G011/M-18-317, with the following amendments:

- a. based on the utility's filing under 49 CFR 192.1007 (e) and the baseline information provided on May 1, 2019, an update of: integrity management plan performance measures; monitoring results; and evaluation of effectiveness ~~in a manner to establish a baseline for ongoing reporting.~~
- b. a summary of any [2019] emergency response violations cited by MNOPS along with a description of the violation and remediation in each circumstance.
- c. the number of violation letters received by the utility from MNOPS during the year in question.
- d. ~~a discussion of how to provide ongoing monitoring and metrics towards the deployment of Excess Flow Valves and manual service line shutoff valves pursuant to the Commission's order in Docket No. G 999/CI 18 41.~~

Attachment 13 MERC Improved Customer Experience Performance Indicators (2018)

Performance Indicator Metric	2013-2015 Performance Average	2016 Performance	1st Quartile (Entry Point)	2nd Quartile (Entry Point)	Target Performance (End of 2017)	Target Performance (End of 2018)	2017 Performance	2017 Statistically Adjusted Performance	2018 Performance	2018 Statistically Adjusted Performance	Aspects of ICE Contributing to Continuous Improvement	Barriers to Increased Achievement in 2018	Expectations for Future Performance
Customer Transaction Satisfaction (%)	62%	83.6%	82.00%	72.00%	Continuous improvement driving towards 1st Quartile performance	Continued improvement from pre-ICE baseline levels, driving toward first quartile performance. Going forward, as the industry continues to evolve, we find different ways to measure and gain customer insights. Our means to gauge customer feedback has changed and we are seeing a better sampling of our customer demographics and number of participants to survey. Our focus is to improve performance while balancing other external and internal factors that may impact customer satisfaction. We do not measure our satisfaction with our CIS system only, we use this metric to identify process improvement opportunities and root causes to dissatisfaction. Items like gas prices, branding, internal processes, regulated processes, etc. can impact customer satisfaction.	78.5%	86.80%	78.60%	86.90%	Improved customer service processes and systems; improved self-service options for customers; efficiency and effectiveness of our customer service identification and resolution process through improved Care Center tools.	Change from telephone to e-mail surveys (research indicates that while e-mail surveys result in higher response rates and more participation, overall satisfaction reported tends to be lower as customer have more time to consider and provide more candid feedback than they would to a person over the phone). Measurement can be very subjective and impacted by the mode of survey and other factors.	Continued improvement from pre-ICE baseline levels, driving toward first quartile performance. Going forward, as the industry continues to evolve, we find different ways to measure and gain customer insights. Our means to gauge customer feedback has changed and we are seeing a better sampling of our customer demographics and number of participants to survey. Our focus is to improve performance while balancing other external and internal factors that may impact customer satisfaction. We do not measure our satisfaction with our CIS system only, we use this metric to identify process improvement opportunities and root causes to dissatisfaction. Items like gas prices, branding, internal processes, regulated processes, etc. can impact customer satisfaction.
Residential First Call Resolution (%)	80.67%	81.78%	85%	79%	Continuous improvement within 2nd Quartile driving towards eventual 1st Quartile performance. 1st quartile performance not expected in 2017.	Maintain achievements within second quartile, driving toward first quartile.	83.30%	N/A	91.50%	N/A	Improved customer service processes and systems; improved call escalation processes	None	Maintain achievements (2018 achieved first quartile performance)
Billing Accuracy	99.53%	99.77%	99.93%	99.79%	Continuous improvement toward 2nd Quartile performance	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance with slight improvements in 2018 and beyond, dependent upon other external factors. MERC's planned implementation of AMI in 2019 and 2020 is expected to result in improvements in billing accuracy in the future.	98.93%	N/A	98.85%	N/A	Replacement of outdated customer information system; system billing capabilities (compared to pre-ICE system); system automation capabilities (compared to pre-ICE system); efficiency and effectiveness of our customer service identification and resolution process through improved Care Center tools.	Meter reading staffing issues unrelated to ICE (turnover in meter reader staff); weather impacts on meter reading; some unavoidable level of human error (in the absence of AMR/AMI)	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance with slight improvements in 2019 and beyond, dependent upon other external factors. MERC's planned implementation of AMI in 2019 and 2020 is expected to result in improvements in billing accuracy in the future.
Billing Timeliness	99.89%	98.65%	99.50%	99.00%	Maintain 1st Quartile performance	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance with slight improvements in 2018 and beyond, dependent upon other external factors. MERC's planned implementation of AMI in 2019 and 2020 is expected to result in improvements in billing timeliness in the future.	99.48%	N/A	99.37%	N/A	Replacement of outdated customer information system; system billing capabilities (compared to pre-ICE system); system automation capabilities (compared to pre-ICE system)	Narrow windows of the quartiles (at the 99.00 percent level) means that minor changes can greatly impact achievements in this metric. Meter reader staffing, weather, and human error affect billing timeliness in a similar manner as billing accuracy.	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance with slight improvements in 2019 and beyond, dependent upon other external factors. MERC's planned implementation of AMI in 2019 and 2020 is expected to result in improvements in billing timeliness in the future.
Even Payment Plan Adoption (%)	14.43%	15.12%	16.8%	11.9%	Continuous improvement within 2nd Quartile driving towards eventual 1st Quartile performance. 1st quartile performance not expected in 2017.	Maintain achievements within second quartile, moving toward first quartile performance. While MERC will continue to target continuous even payment plan adoption through customer education, participation is optional and will depend on customer interest.	15.51%	N/A	16.00%	N/A	Proactive solicitation and automated enrollment into the even payment plan makes enrollment easier for customers	Customer education and interest	Maintain achievements within second quartile, moving toward first quartile performance of 16.8 percent. While MERC will continue to target continuous even payment plan adoption through customer education, participation is optional and will depend on customer interest.
e-Bill Adoption (%)	20.27%	22.38%	14.5%	10.3%	Continuous improvement while maintaining 1st Quartile performance	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education, participation is optional and will depend on customer interest. MERC anticipates a potential barrier to 2018 and future achievement with a planned web platform project, which could create temporary disruptions.	26.21%	N/A	30.50%	N/A	Makes electronic billing application more user-friendly for customers, increases mobile options, and allows customers to continue electronic billing if they move and transfer service to a new address.	None	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education, participation is optional and will depend on customer interest. Potential barrier to 2019 and future achievement with a planned web platform project, which could create temporary disruptions.
e-Payment Adoption %	55.50%	57.58%	51.6%	45.3%	Continuous improvement while maintaining 1st Quartile performance	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education, participation is optional and will depend on customer interest. MERC anticipates a potential barrier to 2018 and future achievement with a planned web platform project, which could create temporary disruptions.	60.42%	N/A	60.90%	N/A	Makes electronic billing application more user-friendly for customers, increases mobile options, and allows customers to continue electronic billing if they move and transfer service to a new address.	None	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education, participation is optional and will depend on customer interest. Potential barrier to 2019 and future achievement with a planned web platform project, which could create temporary disruptions.

Performance Indicator Metric	2013-2015 Performance Average	2016 Performance	1st Quartile (Entry Point)	2nd Quartile (Entry Point)	Target Performance (End of 2017)	Target Performance (End of 2018)	2017 Performance	2017 Statistically Adjusted Performance	2018 Performance	2018 Statistically Adjusted Performance	Aspects of ICE Contributing to Continuous Improvement	Barriers to Increased Achievement in 2018	Expectations for Future Performance
Field Service Appointments Kept	N/A	99.89%	99.0%	98.6%	Maintain 1st Quartile performance	Target maintaining first quartile performance. MERC's 2017 achievements were 99.99 percent of field service appointments kept; year-over-year improvements are not expected.	99.99%	N/A	99.99%	N/A	Improvements with the implementation of ICE, including improved mobile routing capabilities to the dispatch system, increases our ability to timely meet service appointments. Integrated scheduling into the customer information system to streamline customer scheduling.	None	Maintain first quartile performance. MERC's 2018 achievements were 99.99 percent of field service appointments kept.
Net Write Off as % of Revenue	0.58%	0.73%	0.35%	0.52%	This metric is correlated to weather and environmental factors. Our goal is continuous improvement within 2nd Quartile driving towards eventual 1st Quartile performance.	MERC will continue to target performance within the second quartile driving toward eventual first quartile performance to the extent such performance is achievable in consideration of external factors affecting overall write offs.	0.58%	N/A	0.75%	N/A	Improvements in collections; system enhancements to allow for additional atomization	Factors unrelated to customer information system and collection activities have a more significant impact on net write offs (e.g., weather, gas prices, other impacts on customer bills)	MERC will continue to target performance within the second quartile driving toward eventual first quartile performance to the extent such performance is achievable in consideration of external factors affecting overall write offs.
IT / Security (# of masked customer data fields; # of tokenized customer data fields)	0 fields	1,386,000 fields	N/A	N/A	Maintain number of fields protected and continue to meet industry standards for customer data masking/tokenization	Maintain number of fields protected and continue to meet industry standards for customer data masking/tokenization. No changes anticipated in the near term (increases would only occur with future upgrades or modifications to the system).	1,386,000 fields	N/A	1,386,000 fields	N/A	Prior to ICE, MERC's customer information system did not have the capability to mask or tokenize customer information fields. With ICE, customer data fields that are secured via masking or tokenization include bank account information, birthdate, drivers' license information, income, social security numbers, credit card information, and other person data.	None	No changes anticipated in the near term (increases would only occur with future upgrades or modifications to the system).

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-19-303

Dated this **17th** day of **July 2019**

/s/Sharon Ferguson

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