

June 22, 2017

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Letter from the Minnesota Department of Commerce, Division of Energy Resources regarding Greater Minnesota Gas' 2014 Annual Service Quality Report**
Docket No. G022/M-15-434

Dear Mr. Wolf:

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides the following *Letter* regarding Greater Minnesota Gas' (Greater Minnesota or the Company) *2014 Annual Service Quality Report* (Report) filed with the Minnesota Public Utilities Commission (Commission) on May 8, 2015. In its July 22, 2015 *Comments*, the Department observed significant inconsistencies between the Report and the data presented in the monthly Cold Weather Rule (CWR) reports. Further, many of the CWR reports were late filed. In addition, the Department noted that the CWR reports filed with the Report did not match the reports originally filed with the Commission. Given these concerns, the Department recommended that the Commission withhold decision on the annual service quality report and require the Company to commission an audit by an independent firm of Greater Minnesota's data collection, maintenance, and retrieval practices used to fulfill Greater Minnesota's regulatory filing and reporting requirements. The Department also recommended that the Company provide clarifying information in *Reply Comments*.

Greater Minnesota responded to the Department's concerns in *Reply Comments* filed on August 3, 2015. The Company strongly disagreed with the Department's audit recommendation and argued that the recommendation is unnecessary. Greater Minnesota also provided clarifying information requested by the Department.

In terms of the billing audit, the Company responded that Greater Minnesota is not comparable to other utilities, therefore a billing audit would not effectively solve the issues. Greater Minnesota invited the Department and Commission Staff to visit the Company's offices to get a better appreciation of Greater Minnesota's operations and business processes. In addition, Greater Minnesota explained that an annual audit process similar to what is used by the Minnesota Office of Pipeline Safety (MnOPS) may be an appropriate solution. The Company concluded its discussion by stating that working together would reach a more meaningful result compared to an outside audit.

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The Department and Greater Minnesota had informal discussions subsequent to *Reply Comments* in August 2015, but were unable, at the time, to reach a solution to the issues noted by the Department. On May 1, 2016 and May 2, 2017 Greater Minnesota filed its 2015 and 2016 annual service quality reports, respectively. As part of its analysis in these dockets, the Department reviewed the monthly CWRs and focused on the data issues identified in the 2014 annual service quality report. Based on this analysis, the Department concludes that Greater Minnesota has adequately addressed the data issues identified in the 2014 annual service quality report.¹ Since the Department filed its July 22, 2015 *Comments* in this docket, Greater Minnesota has timely filed its monthly CWRs and the monthly CWR data reconciles with the annual service quality reports.

Given the improvement in data reporting observed in the 2015 and 2016 annual service quality reports, the Department concludes that an external, independent audit of Greater Minnesota's data collection, maintenance, and retrieval practices related to the Company's regulatory filing and reporting requirements is unnecessary at this time. The improved data accuracy and timeliness demonstrated in subsequent CWR reports and in the two most recent annual service quality reports indicates that the Company recognizes its regulatory obligations and has successfully improved its data collection and maintenance activities.

Based on the Department's analysis in the 2015 and 2016 annual service quality reports, the Department modifies its earlier recommendations in this docket. The Department now recommends that the Commission accept Greater Minnesota's 2014 annual service quality report.

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

¹ This analysis can be found in the Department's *Comments* in Docket Nos. G022/M-16-383 and G022/M-17-336.

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
Letter**

Docket No. G022/M-15-434

Dated this 22nd day of June 2017

/s/Sharon Ferguson

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