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July 27, 2012

Burl W. Haar
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. G002/M-12-440

Dear Dr. Haar:

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

2011 *Annual Service Quality Report* submitted by Northern States Power Company, a Minnesota Corporation (Xcel or the Company).

The 2011 *Annual Service Quality Report* was filed on May 1, 2012 by:

Jody Londo
Manager, Regulatory Administration
414 Nicollet Mall – 7th Floor
Minneapolis, Minnesota 55401

Based on its review of Xcel's 2011 Annual Service Quality Report (Report), the Department recommends that the Commission accept the Company's Report pending submission of further information in *Reply Comments*.

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

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst
651-296-2510

AB/sm
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE MINNESOTA DEPARTMENT OF COMMERCE DIVISION OF ENERGY RESOURCES

DOCKET NO. G002/M-12-440

I. BACKGROUND

On April 16, 2009, the Minnesota Public Utilities Commission (Commission) opened an investigation into natural gas service-quality standards in Docket No. G999/CI-09-409. In its August 26, 2010 Order (09-409 *Order*), the Commission established uniform reporting requirements for all regulated Minnesota gas utilities. The 09-409 *Order* prescribed a list of indicators for which data for each calendar year are to be provided by each utility in a miscellaneous tariff filing to be made by the following May 1.

Northern States Power Company, a Minnesota corporation (Xcel or the Company) was allowed to report commingled gas and electric statistics for mislocates and for answer times from its utility call centers. For the first year, the Company also was allowed to report data covering October 1, 2010 and thereafter for mislocates, gas lines damaged, summaries of major events reportable to the Minnesota Office of Pipeline Safety (MOPS), and customer-service-related operations and maintenance expenses. For events reportable to MOPS, all utilities were ordered to notify the Commission and the Department contemporaneously with their notice to MOPS.

In addition to the requirements in the 09-409 *Order*, the Commission's March 6, 2012 Order (11-360 *Order*) in Docket No. G002/M-11-360, *et. al* directed all regulated Minnesota gas utilities to:

- In future annual reports, include data on average speed of answering calls, in addition to reporting on the percentage of calls answered within 20 seconds or less;
- Explain, in their 2011 annual reports, whether the difference between the total percentage of meters (100%) and the percentage of meters read (by both the utility and customers) is equal to the percentage of estimated meter reads;

- Explain, beginning with their 2011 annual reports, the types of extension requests (such as requests for reconnection after disconnection for non-payment) they are including in their data on service extension request response times for both locations not previously served, as well as for locations that were previously served;
- Explain, beginning with their 2011 annual reports, the types of deposits (such as new deposits from new and reconnecting customers and the total number of deposits currently held) included in the reported number of “required customer deposits”; and
- Describe, beginning with their 2011 annual reports, the types of gas emergency calls included in their gas emergency response times, as well as the types of emergency calls included in their reports to the Minnesota Office of Pipeline Safety (MOPS). Provide an explanation of any difference between the reports provided to the Commission and to MOPS.

In the 11-360 *Order*, the Commission also specifically required Xcel to explain in its 2011 annual report how its gas-related call center complaints correspond with the complaint categories contained in Minn. Rules, part 7826.2000.

On May 1, 2012, Xcel filed its calendar year 2011 *Annual Service Quality Report* (Report) to comply with the 09-409 *Order* and the 11-360 *Order*.

II. THE DEPARTMENT’S ANALYSIS

In the 09-409 *Order*, the Commission requested that each Minnesota regulated utility provide data about various metrics related to service quality. The Department notes that for some metrics, Xcel did not have full calendar year 2010 data available. The 09-409 *Order* acknowledged that the Company would not have data for all months of 2010 for all metrics and directed that the Company report as much information as possible in these cases. In the 11-360 *Order*, the Commission requested additional information from all of the utilities to increase the clarity and usability of the previously ordered service quality metrics. The Department addresses each of these metrics below.

A. CALL CENTER RESPONSE TIME

Xcel reported the percentage of calls to call centers answered within 20 seconds in Attachment A of its Report, as required by the 09-409 *Order*. As the 09-409 *Order* permitted, the information reflects both natural gas and electric customer calls placed to the call centers. For 2011, the Company met the annual standard of answering 80 percent of call center calls in 20 seconds or less. The average for the 12 months was 86.0 percent. The monthly percentages ranged from a low of 82.4 percent in September to a high of 89.2 percent in February 2011. Per the 11-360 *Order*, Xcel reported that the average speed of answer for calls offered to agents was 20 seconds.

The Department acknowledges that Xcel has fulfilled the requirements of the 09-409 and 11-360 *Orders*.

B. METER-READING PERFORMANCE

Xcel reported the following metrics for meter-reading performance in Attachment B of its Report:

- A. the number and percentage of customer meters read by Company personnel;
- B. the number and percentage of customer meters self-read by customers;
- C. the number and percentage of customer meters that have not been read by Company personnel for periods of six to 12 months and for periods of longer than 12 months, and an explanation as to why they have not been read; and
- D. data on Company monthly meter-reading staffing levels, by work center or geographical area.

Xcel reported that an annual average of 98.57 percent of customer meters were read by utility personnel and 0.003 percent were read by the customer in 2011. In each month, at least 98 percent of the Company's Minnesota meters were read. Per the 11-360 *Order*, Xcel explained that the reason the number of meters read and estimated under Minn. Rules, part 7826.1400 do not add to 100 percent is because the Rule includes only the number of meters estimated for six or more consecutive months. Any meters estimated for a single month, up to a total of five months, are not included in the reported numbers. The Department concludes that the meter reading statistics reported would have full meaning and context only if the total number of meters were also reported. The Department requests that Xcel provide, in all future reports, the total number of meters to be read each month by customer class.

Xcel provided the number of meters unread for 6 to 12 months and for more than 12 months for its Residential, Commercial, Industrial, and Other customer classes. "No Reading Returned" was the most common reason in all customer classes for why meters were not read. Table 1 summarizes the number of meters not read by utility personnel for longer than 12 months according to Xcel's current and past annual report.

Table 1: Meters Not Read for Longer than 12 Months

	Residential	Commercial	Industrial	Other	Total
2010	1,149	366	263	71	1,849
2011	637	403	181	94	1,315

The Department appreciates Xcel's efforts in reducing the number of meters not read for longer than 12 months.

Xcel provided its monthly staffing levels for its four work centers and for meter readers working in western Minnesota, North Dakota and South Dakota. The Company averaged a total of 15 meter reading staff throughout the year.

The Department acknowledges that Xcel has fulfilled the requirements of the 09-409 and 11-360 *Orders*.

C. INVOLUNTARY DISCONNECTIONS

The Company referenced the involuntary disconnections data that it reports under Minn. Stat. § 216B.091 and § 216B.096 in Docket No. E,G999/PR-11-02. Table 2 summarizes residential customer disconnection statistics reported by Xcel in its Cold Weather Rule reports.¹

Table 2: Residential Customer Involuntary Disconnect Information

	Customers Receiving Disconnect Notice	Customers Seeking CWR Protection	Customers Granted CWR Protection	% Granted	Customers Disconnected Involuntarily	Customers Restored within 24 Hours	Customers Restored by Entering Payment Plan
2010	1,218,073	173,440	173,440	100%	29,592	12,121	1,265
2011	1,282,576	188,091	188,271	100%	27,120	11,273	1,446

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

D. SERVICE EXTENSION REQUEST RESPONSE TIMES

Xcel stated in its May 18, 2009 Comments in Docket No. G999/CI-09-409 that nearly all requests to connect service at a location previously served are from customers who have had their meter locked due to credit, as it is otherwise uncommon to disconnect service between tenants. Therefore the Company did not include all statistics from locations previously served.

Xcel reported monthly average response times for requests for new service, which also included reconnections for service upgrades and reconnections to locations disconnected due to vacancy. The Company extended service to 1,625 new residential locations in an average interval of 4 days, with extensions occurring in all 12 months of 2011. As for new commercial locations, extensions took place in all months except March. The total number of extensions was 140 with an average interval of three days.

The Department acknowledges that Xcel has fulfilled the requirements of of the 09-49 and 11-360 *Orders*.

E. CUSTOMER DEPOSITS

The reporting metric for customer deposits is the number of customers required to make a deposit as a condition of receiving service. Xcel reported a total of 657 such accounts for both its natural gas and electric operations in 2011.

¹ Docket Nos. E,G999/PR-10-02 and E,G999/PR-11-02.

Per the 11-360 *Order*, the utilities were required to explain the types of deposits included in the reported number of “required customer deposits.” Xcel stated that it requires deposits from residential customers that have filed for bankruptcy. The Company noted that it requests these deposits upon notification of the bankruptcy and are not requested for reconnection of service. Xcel further stated that once customers file for bankruptcy, their service is begun anew and the deposit amount is included in the first bill.

The Department acknowledges that Xcel has fulfilled the requirements of the 09-409 and 11-360 *Orders*.

F. DETAILED INFORMATION ABOUT CUSTOMER COMPLAINTS

The metrics addressing customer complaints include:

- A. the number of complaints received;
- B. the number and percentage of complaints alleging billing errors, inaccurate metering, wrongful disconnection, high bills, inadequate service, and the number involving service-extension intervals, service-restoration intervals, and any other identifiable subject matter involved in five percent or more of customer complaints;
- C. the number and percentage of complaints resolved upon initial inquiry, within ten days, and longer than ten days;
- D. the number and percentage of all complaints resolved by taking any of the following actions:
 - (1) taking the action the customer requested;
 - (2) taking an action the customer and the utility agree is an acceptable compromise;
 - (3) providing the customer with information that demonstrates that the situation complained of is not reasonably within the control of the utility; or
 - (4) refusing to take the action the customer requested; and
- E. the number of complaints forwarded to the utility by the Commission's Consumer Affairs Office for further investigation and action.

Xcel reported that 627 electric and natural gas complaints were handled by the Company's Customer Advocate Group in 2011, 127 of which were forwarded by the Consumer Affairs Office. Data provided by the Company showed that 13.2 percent of complaints handled by Xcel's Customer Advocate Group were resolved upon inquiry. The most frequent complaint category was “inadequate service.” Xcel reported that 28.2 percent of complaints in 2011 were resolved by taking the action the customer requested.

Xcel also received 877,097 complaints in 2011 that were handled upon initial inquiry in the Company's Call Centers. Xcel reported that, in 2011, approximately 95 percent of these complaints were resolved by taking the action the customer requested. The complaint category with the largest volume of complaints for all customers was "billing errors" with "wrongful disconnect" and "inadequate service" of significant concern to all customers as well.

Per the 11-360 *Order*, Xcel provided a chart that aligned its customer complaint categories with the ones contained in Minn. Rules, part 7826.2000. The majority of Xcel's complaint categories fell within the "Billing Error" and "Inadequate Service" categories in the Rules.

The Department acknowledges that Xcel has fulfilled the requirements of the 09-409 and 11-360 *Orders*.

G. EMERGENCY LINE RESPONSE TIME

The Company reported its average speed of answering emergency line calls for natural gas emergencies by month and year for all its possible sources, including the general customer service line, Builders Line, Electric Outage line, and Gas Emergency Line. Xcel also reported the same information for calls only to the Gas Emergency Line. The 2011 annual average answer time for all gas emergency calls was seven seconds for 31,232 calls, while the annual average for the gas emergency line only was eight seconds for 16,795 calls.

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

H. EMERGENCY GAS RESPONSE TIMES

The reporting metric is the time from the initial notification of an emergency until a qualified emergency response person arrives at the incident location. Xcel reported emergency response times by type of job code and total calls, by calls responded to within one hour or less, and calls responded to in more than one hour. The Company also provided the average number of minutes it took to respond to an emergency.

For the 16,417 gas emergency calls received in 2011, Xcel's average response time was 44.88 minutes with 80 percent of calls responded to in less than an hour. This marks an improvement over last year when average response time was 51.77 minutes and 76 percent of calls were responded to in less than an hour.

In the 11-360 *Order*, all gas utilities were required to describe the types of gas emergency calls included in their gas emergency response times, as well as the types of emergency calls included in their reports to MOPS. The utilities were also required to provide an explanation of any difference between the reports provided to the Commission and those provided to MOPS. Xcel provided all of this information in Attachments F, F1, and G of its Report. The Department was able to reconcile the information in Xcel's Report with the reports provided to MOPS.

The Department acknowledges that Xcel has fulfilled the requirements of the 09-409 and the 11-360 *Orders*.

I. MISLOCATE RATE

The mislocate rate refers to the number of times that a gas line is damaged due to a line being mismarked or unmarked. The required reporting metric is the total number of mislocates. The Company also provided the number of locate tickets and the number of mislocates per 1,000 locate tickets. Xcel reported 46 mislocates out of a total of 151,393 locate tickets, or a rate of .30 per 1,000 locate tickets, for 2011.

Since this is the first full calendar year that data are available regarding system damages, the Department cannot make definitive conclusions because it is unaware of underlying trends or historical patterns.

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

J. GAS SYSTEM DAMAGES

The metric pertaining to gas system damages indicates the number of incidents caused by Company employees and contractors, or other sources. Xcel reported 335 gas system damages for 2011. Of this total, 27 incidents were due to actions of Company employees or its contractors, and 308 incidents were from all other causes. In addition, the Company reported Damage per 100 miles of Main. The rate for 2011 was 0.31 incidents per 100 miles for events under the control of Xcel employees and contractors, and 3.51 incidents per 100 miles for damages caused by other sources.

Since this is the first full calendar year that data are available regarding system damages, the Department cannot make definitive conclusions because it is unaware of underlying trends or historical patterns.

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

K. NATURAL-GAS SERVICE INTERRUPTIONS

The reporting metrics for natural gas service interruptions are the number of firm customers that experience an unplanned service interruption and the average duration of the unplanned service disruptions. Unplanned service interruptions are those due to Xcel employees and contractors, or other unplanned causes. This Report marks the first year that the Company had data available for the entire calendar year.

A total of 2,130 customers were affected by 280 gas-service interruptions in 2011. Xcel employees and contractors caused 31 outages affecting 841 homes, while 249 outages affecting 1,289 customers occurred due to other causes. The average duration of gas-service interruptions was 5 hours 39 minutes for outages associated with Xcel employees and contractors and 3 hours 50 minutes for the outages due to other causes.

The Department notes two months where the average outage times were the highest. For outages due to Xcel employees and contractors, there was one incident in March that affected 760 customers for 5 hours 55 minutes. According to the Company's incident report provided in Attachment K of the Report, this incident was caused by gas construction activity for the light rail project in St. Paul. For outages due to other causes, there were ten incidents in February that affected 575 customers for an average of 6 hours 16 minutes. According to Xcel's incident reports provided in Attachment K, on February 2, the St. Paul Water Department hit a main while digging resulting in an outage to over 500 customers for 6 hours 20 minutes.

While these incidents did not occur due to failure of system integrity, these outages are of particular concern since long outages in the winter can cause harm to life and property. The Department requests that Xcel provide in Reply Comments any information it has regarding the underlying cause(s) for the two significant events discussed above. For example, Xcel should address whether these strikes may have been a result of a mislocated or unmarked line, miscommunication, or some other human error.

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

L. MOPS SUMMARIES

The Company is required to summarize major events that require a report being made to the MOPS. These summaries include the ten items that the MOPS requires in its incident reports. They are:

- the location;
- when the incident occurred;
- how many customers were affected;
- how the company was made aware of the incident;
- the root cause of the incident;
- the actions taken to fix the problem;
- what actions were taken to contact customers;
- any public relations or media issues;
- whether the customer or the company relighted; and
- the longest any customer was without gas service during the incident.

Xcel reported 45 such major events during 2011. The Company provided internal emails and major incident summaries for all events, which included the required information listed above.

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

M. CUSTOMER-SERVICE-RELATED EXPENSES

The reporting metric is the total of operation and maintenance (O&M) expenses related to customer service. The report included expenses for Xcel's Minnesota jurisdiction operations, as well as the total for Northern States Power Company (which includes North Dakota expenses). Xcel reported that service-related expenses in the Minnesota jurisdiction were \$5,927,900 in Federal Energy Regulatory Commission (FERC) Accounts 901 and 903, and \$391,843 for Associated Payroll Taxes and Benefits. The total, therefore, for these O&M expenses was \$6,319,743.

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

N. GAS SERVICE QUALITY WORK GROUP

At the Commission meeting held February 2, 2012 regarding Docket No. G002/M-11-360 *et. al*, Xcel proposed convening a workgroup consisting of the gas utilities and the Department to work on improving consistency in annual reporting. Xcel stated that the focus of the workgroup would be to identify methods for increasing uniformity in reporting among the gas utilities, making the annual comparisons of data for each utility easier, and facilitating assessment of the reports and setting any future reporting requirements. In its March 6, 2012 Order, the Commission directed the parties to convene this workgroup to address a list of specified issues.

The Department and representatives from all regulated Minnesota gas utilities, except for Greater Minnesota Gas, met on Friday, June 22, 2012 at the Department's location. As a result of this meeting, a matrix detailing how each utility reports on or calculates the metrics specified in the Commission's March 6, 2012 Order will be attached to the utilities' 2012 annual reports to be filed May 1, 2013.

III. THE DEPARTMENT'S RECOMMENDATIONS

The Department recommends that the Commission accept Xcel's filing in fulfillment of the requirements in the 09-409 and 11-360 Orders, pending submission of further information in Reply Comments.

In addition, the Department requests that Xcel provide, in all future reports, the total number of meters to be read each month by customer class.

The Department also requests that Xcel provide in Reply Comments any information it has regarding the underlying cause(s) for the two significant events discussed in Section II.K.

/sm

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. G002/M-12-440

Dated this 27th of July, 2012

/s/Sharon Ferguson

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