

Re: Compliance Filings Related to UNG's Small Gas Utility Franchise Exemption  
Docket No. G6960/M-16-317

Mr. Brill,

On June 12, 2018, the Minnesota Public Utilities Commission ("Commission") issued a Utility Information Request requesting information in the above-referenced Docket No. United Natural Gas, LLC ("UNG") submits the following information in response to the information requests:

Requests Nos. 1 – 4.

Please see the attached spreadsheet. The attached spreadsheets details UNG's projected and actual number of customers, revenue, and terms provided. All of this information is separated based on whether the customers reside within the municipalities of Lafayette and Courtland or are outside the city limits and are considered "incidental" customers.

Request No. 5

Initial projections for municipal customers has not been met. Overall, UNG has achieved approximately 65% of its initial projections for municipal customers. However, UNG has achieved approximately 87% of initial throughput projections for municipalities. The greatest disparity between projections and actual performance has been in the residential category. Throughput for residential customers has only been 50% of initial projections. This has been offset by greater than expected throughput for large commercial (205%), small commercial (128%), and interruptible customers (160%) in municipalities. It is believed that the municipal customers' cost of conversion to natural gas has been the main reason the initial projections have not been met. While initial projections have not been met, UNG is confident that additional municipal customers will switch to natural gas service as time progresses and projections will eventually be met.

In contrast, more incidental customers have sought service from UNG than initially projected. Currently, there are over two times as many incidental customers as initial projections. Total throughput to incidental customers has also exceeded initial projections and has been 291% of the projected amount. Adding the Lower Sioux Indian Community this past year and the ability to serve incidental customers along the route is the reason for the increased amount of incidental service than originally projected. Since the incidental services have exceeded projections, UNG is satisfied with the service provided to customers who are considered to be incidental.

Request No. 6

All UNG customers are charged the same rates regardless of whether they are located in a municipality or are considered incidental customers.

Request No. 7

2016 was \$12,545.15 and 2017 was \$1,812,885.97.

Audited and approved Financial Statement was efiled on 12/22/2017.

#### Request No. 8

The Rate Board has met on one occasion, on December 14, 2017. The Rate Board is made up of two representatives from United Farmers Cooperative, the parent of UNG, and representatives from the City of Courtland, City of Lafayette, Lafayette Township, and the Lower Sioux Indian Community. All board members except the representative from the Lower Sioux Indian Community was present at the meeting. No citizens were present. Notice of the Rate Board meeting was not provided to customers. It is anticipated that the Rate Board will meet at least on an annual basis. However, additional meetings are a possibility if it is deemed necessary due to unforeseen circumstances.

#### Request No. 9

UNG has had one complaint that ended up not being related to a problem with UNG or its services. A small commercial customer within the City of Lafayette believed that gas usage was too high compared to the customer's prior use of propane. The customer was under the belief that there was either leak or the meter was incorrect. UNG investigated the issue by conducting a leak test and testing the meter to ensure it was operating properly. The investigation did not reveal any leaks and the meter was operating properly. The customer contacted the third party that converted the customer's property to natural service company and discovered issues with the property that caused the increased gas usage that was not related to UNG or the services provided by UNG.

#### Request No. 10

United Natural Gas, LLC will install a gas service line to serve a customer in a permanent structure using gas for primary space heating without charge to the extent of 250 feet measured from the center of the publicly dedicated street, alley or public or private utility easement. For residential customers, if additional gas service line is required, United Natural Gas, LLC may require the applicant to make a non-refundable contribution in aid-of-construction calculated at \$5.00 per foot of gas service line in excess of the allowance provided for above. The customer may pay the contribution in equal monthly installments over a period not to exceed ninety (90) days interest free. For non-residential customers, the customer is responsible for all costs of extending a gas service line beyond 250 feet measured from the center of the publicly dedicated street, alley or public or private utility easement. In these cases, UNG will present the non-residential customer with a cost estimate for the extension prior to installation which allows the customer to determine whether they wish to proceed with the line extension or not.

#### Request No. 11

To date, 23 incidental customers have paid for line extensions where the extension exceeded 250 feet. The remaining 100 incidental customers did not exceed 250 feet.

#### Request No. 12

The highest amount paid by an incidental customer is \$48,000 for an interruptible customer that uses natural gas for a grain dryer. The average amount paid for extensions is \$7800, with a majority being either Large Commercial or Interruptible customers

Request No. 13

It is the position of UNG that any annual compliance filing should be limited to information related to ensuring that a small gas utility continues to meet the requirements for exemption. As such, information provided in an annual compliance filing should be limited to providing total customers, total customers within each municipality, description of any rate or tariff changes, service contract changes, and a certification of compliance with the cold weather rule. As for timing, a specified amount of time before the end of the year, such as within thirty days of the end of the year, seems appropriate.

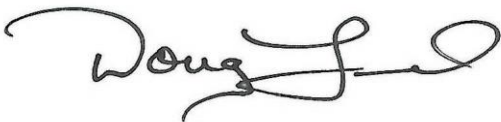
Request No. 14

The internal audit was efiled on December 22, 2017 and approved by the UNG Rate Board.

Request No. 15

The City of Lafayette submitted a letter indicating its assent to the expansion of UNG's exemption to Mr. Daniel P. Wolf on December 15, 2017. The City of Courtland submitted its letter indicating its assent to the expansion of UNG's exemption to Mr. Daniel P. Wolf on January 8, 2018. Both are attached for your convenience.

Sincerely,



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