COMMERCE DEPARTMENT

April 6, 2018

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. G999/CI-18-41

Dear Mr. Wolf:

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

> 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

Comments submitted by five regulated investor-owned utilities and by United Natural Gas, LLC have been provided in response to a February 6, 2018 Minnesota Public Utilities Commission (Commission) *Notice of Comment Period*. The Department offers the attached reply comments in response to those comments.

Sincerely,

/s/ SAMIR OUANES
Rates Analyst

SO/ja
Attachment

COMMERCE DEPARTMENT

# Before the Minnesota Public Utilities Commission

## Comments of the Minnesota Department of Commerce
## Division of Energy Resources

Docket No. G999/CI-18-41

## I. BACKGROUND INFORMATION

In 2006, Congress passed the Pipeline Inspection, Protection, Enforcement, and Safety Act (2006 Act), which required the Department of Transportation to promulgate minimum standards for integrity management programs for distribution pipelines. The 2006 Act also mandated that those minimum standards require the installation of excess flow valves (EFVs) on all newly installed or replaced service lines serving single-family residences.

The EFV is a safety device installed on a gas service line that is designed to shut off the flow of natural gas automatically if the service line breaks.[1]

Following subsequent amendments of pipeline safety regulation (Part 192-Transportation of Natural and Other Gas by Pipeline) by the Pipeline and Hazardous Materials Safety Administration (PHMSA), EFVs are currently required for new or replaced gas service lines servicing single-family residences, multifamily residences and small commercial entities consuming gas volumes not exceeding 1,000 standard cubic feet per hour (SCFH).[2]

PHMSA also amended Part 192 to require either installing a manual service line shut-off valve or, if possible, an EFV for any new or replaced service line with installed meter capacity exceeding 1,000 SCFH.[3]

PHMSA amended Part 192 to require customer notification of the right to request an EFV on service lines not exceeding 1,000 SCFH unless one of the exceptions in 49 CFR § 192.383 (c) is present.[4]

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[1] Source: 49 CFR § 192.383 (b) & (e.2) included under Attachment 1. Attachment 1 of these comments includes a copy of the relevant and current portions of the electronic code of federal regulations (CFR), 49 CFR § 192.381, 49 CFR § 192.383 and 49 CFR § 192.385. They are also available at: https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&ty=HTML&h=L&mc=true&=PART&n=pt49.1.192#se49.3.192_1383

[2] Specific requirements are provided in 49 CFR § 192.383 (b) included under Attachment 1. Exceptions apply as described under 49 CFR § 192.383 (c).

[3] Source: 49 CFR § 192.385 included under Attachment 1.

[4] Source: 49 CFR § 192.383 (d-f) included under Attachment 1.

Finally, PHMSA has left the question of who bears the cost of installing customer-requested EFVs on service lines to the operator's rate-setter.[5]

## II. PROCEDURAL HISTORY

On August 18, 2017, in Docket No. G004/M-17-625, Great Plains Natural Gas Co. (Great Plains) filed a petition for approval of revisions to its natural gas tariffs to comply with the Federal Pipeline Safety Regulations requiring installation of EFVs in certain circumstances.

On January 29, 2018, the Minnesota Public Utilities Commission (Commission) issued an Order (2018 Order) approving Great Plains' proposed tariff change with the following modifications:[6]

a. At the time the customer requests the installation of an EFV on an existing service line, Great Plains will provide the customer with a detailed explanation of the installation costs identifying specific line items and the per-hour rates that the customer would be charged;

b. Great Plains must cover the cost of the EFV and any other physical plant placed in service to accomplish the installation of the EFV. The Company may add these costs to its physical plant for possible recovery in a future rate case.

49 CFR § 192.383 (d) gives the Commission the authority to determine the proper allocation of costs associated with installing EFVs on existing lines for requesting customers. The Commission concluded that it needs more information to carry out its role.[7] The Commission also concluded that it needs more information about each natural gas utility's tariffs and customer notification practices relating to installation of EFVs for new, refurbished, and existing customer lines.[8]

To that end, the Commission opened this separate docket to investigate all gas utilities under the jurisdiction of the Commission in order to gain more information on the following topics:[9]

1. Each natural gas utility's present tariffs and customer-notification practices as they relate to the installation of EFVs for new, refurbished, and existing customer lines;

[5] Source: 49 CFR § 192.383 (d) included under Attachment 1.
[6] Source: 2018 Order in Docket No. G004/M-17-625.
[7] Source: 2018 Order.
[8] Id.
[9] Source: 2018 Order in Docket No. G004/M-17-625 and February 6, 2018 Notice of Comment Period in Docket No. G999/CI-18-41.

2. Any similar gas-safety requirements that customers may request on the utility system between the main and the meter outlet into the customer's property;

3. The appropriate amount of installation costs that should be socialized among ratepayers or paid by a specific customer in light of recent changes to federal pipeline safety regulations;

4. Payment options for requesting customers along with how to appropriately address requests for EFV installations from low-income customers.

The purpose of this investigation is to determine the appropriate charge and tariff language for each natural gas utility under the Commission's jurisdiction.[10]

On March 6, 2018, the following utilities provided initial comments on the Commission's February 6, 2018 *Notice of Comment Period*: Xcel Energy (Xcel), Minnesota Energy Resources Corporation (MERC), CenterPoint Energy Minnesota Gas (CPE), Greater Minnesota Gas, Inc. (GMG), Great Plains Natural Gas Co. (Great Plains) and United Natural Gas, LLC (UNG).

The Minnesota Department of Commerce, Division of Energy Resources (Department) offers the following observations regarding the comments submitted by the utilities.

## III. CUSTOMER NOTIFICATION RELATED TO EFV INSTALLATION ON EXISTING SERVICE LINE

49 CFR § 192.383 (e) requires operators to notify customers of their right to request an EFV in the following manner:

1) Except as specified in paragraphs (c) and (e)(5) of this section, each operator must provide written or electronic notification to customers of their right to request the installation of an EFV. Electronic notification can include emails, Web site postings, and e-billing notices.
2) The notification must include an explanation for the service line customer of the potential safety benefits that may be derived from installing an EFV. The explanation must include information that an EFV is designed to shut off the flow of natural gas automatically if the service line breaks.
3) The notification must include a description of EFV installation and replacement costs. The notice must alert the customer that the costs for maintaining and replacing an EFV may later be incurred, and what those costs will be to the extent known.

[10] Source: 2018 Order.

4) The notification must indicate that if a service line customer requests installation of an EFV and the load does not exceed 1,000 SCFH and the conditions of paragraph (c) are not present, the operator must install an EFV at a mutually agreeable date.

5) Operators of master-meter systems and liquefied petroleum gas (LPG) operators with fewer than 100 customers may continuously post a general notification in a prominent location frequented by customers.

UNG stated that all their residential customers have EFVs installed already.[11] The Department notes that "existing service line customers who desire an EFV on service lines not exceeding 1,000 SCFH and who do not qualify for one of the exceptions in paragraph (c) of this section may request an EFV to be installed on their service lines."[12] Therefore, both residential and small commercial customers can request EFVs. Although not specifically addressed in UNG's comments, the Department assumes that all of UNG's small commercial customers also have EFVs installed, since UNG's retail natural gas business began after the 2006 Act.

Based on our review of the other utilities' notifications, the Department notes that Great Plains' notification is the only utility that substantially complies with the customer notification requirement.[13]

For example, Xcel and MERC's notifications did not "alert the customer that the costs for *maintaining and replacing* an EFV may later be incurred."[14] (Emphasis added.) Xcel and CPE's notifications also omitted to clarify that "an EFV is designed to shut off the flow of natural gas *automatically* if the service line breaks."[15] (Emphasis added.) MERC and CPE's notifications omitted to "indicate that if a service line customer requests installation of an EFV and the load does not exceed 1,000 SCFH and the conditions of paragraph (c) are not present, *the operator must install an EFV at a mutually agreeable date*."[16] (Emphasis added.)

The Department recommends that Xcel, MERC and CPE provide in reply comments an updated version of their notifications to fully comply with the requirements of 49 CFR § 192.383 (e) as described above.

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[11] UNG's March 6, 2018 comments at 1 in Docket No. G999/CI-18-41.
[12] Source: 49 CFR § 192.383 (d) included under Attachment 1.
[13] See Exhibit 2 of Great Plains' March 6, 2018 comments in Docket No. G999/CI-18-41.
[14] Source: 49 CFR § 192.383 (e.3) included under Attachment 1.
[15] Source: 49 CFR § 192.383 (e.2) included under Attachment 1.
[16] Source: 49 CFR § 192.383 (e.4) included under Attachment 1.

GMG did not provide a copy of its customer notification in its initial comments. The Department recommends that GMG provide in reply comments a copy of the required customer notification and/or revised notification as needed and explain how its notification and/or revised notification complies with the requirements of 49 CFR § 192.383 (e) as described above.

## IV. UTILITY TARIFFS RELATED TO EFV INSTALLATION ON EXISTING SERVICE LINE

Great Plains filed its Commission-approved tariff specific to EFVs in its February 16, 2018 compliance filing in Docket No. G004/M-17-625.[17]

According to their initial comments, Xcel, MERC, CPE and GMG do not have a tariff specific to EFVs. However, they indicated that any customer requesting the installation of an EFV on an existing service line would/should be charged for the actual cost of providing the service. The Department recommends that Xcel, MERC, CPE and GMG provide in reply comments proposed tariffs specific to EFVs consistent with Great Plains' EFV-specific tariff.

## V. SIMILAR GAS SAFETY REQUIREMENTS THAT CUSTOMERS MAY REQUEST

Great Plains and GMG stated that they were not aware of any gas safety requirements that customers may request on the service line between the gas main and the meter outlet into the customer's property other than the EFV.

Xcel, MERC and CPE identified a manual service line shut-off valve (or curb valve) as a safety device in place of an EFV. However, as stated by CPE,

> In rules effective April 2017, the Pipeline and Hazardous Materials Safety Administration (PHMSA) established a requirement that any new or replaced service line with a flow rate of over 1,000 SCFH be fitted with either an EFV or a curb valve, but it did not extend this requirement to lower-flow-rate service lines such as those for single-family residences. These service lines are still only required to have EFVs, and only required to have them when technically possible.

The Department notes that 49 CFR § 192.385 ("Manual service line shut-off valve installation") only requires operators to "install either a manual service line shut-off valve or, if possible, based on sound engineering analysis and availability, an EFV for any new or replaced service

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line *with installed meter capacity exceeding 1,000 SCFH*." (Emphasis added). As a result, there would be no current (customer notification) requirements related to EFV or manual service line shut-off valve installation on existing service lines exceeding 1,000 SCFH.

## VI. APPROPRIATE AMOUNT OF INSTALLATION COSTS THAT SHOULD BE SOCIALIZED

There appears to be a consensus among the utilities that:[18]

> The costs of EFVs installed on new and replacement service lines should be socialized because their installation is required by PHMSA regulations; conversely, the costs of installing EFVs on existing service lines should not be socialized because they are not required under the regulations.[3]
>
> [3] "Although PHMSA determined that mandatory installation on all existing lines would not be cost-effective due to excavation and labor costs, some individual households might have a high willingness-to-pay for EFVs due to differences in risk aversion, rate of time preference, and other factors." Fed. Reg. Report, page 70996.

Xcel added that:[19]

> The costs directly attributable to the installation of an EFV requested by a customer are higher than the installation of an EFV in conjuction with the installation of a new or replacement service. This is because the cost to access the service and restore surfaces are being taken on purely for the EFV. When an installation is occurring in conjuction with a new service install or service replacement, the installation of an EFV only generates marginal incremental costs for the part itself and some additional labor.

Finally, GMG stated that:[20]

> It would be unfair to all ratepayers to socialize the cost of retroactively applying safety advancements to every service line installed before such advancements were made. If customers with older lines have the option to receive additional and/or subsequently developed components without any cost, it is reasonably foreseeable that all affected customers would request

[18] Source: CPE's March 6, 2018 comments at 2 in Docket No. G999/CI-18-41.
[19] Source: Xcel's March 6, 2018 comments at 3 in Docket No. G999/CI-18-41.
[20] Source: GMG's March 6, 2018 comments at 3 in Docket No. G999/CI-18-41.

> installation of such advancements; and, GMG is beholden to treat customers in a nondiscriminatory manner. In GMG's case, the Company estimates that the cost of paying for EFV installation on every residential service line that does not currently have one could increase its rate base by roughly ten percent. Additionally, socializing the cost of EFV installation would set a precedent for how future retrofitting of safety advancements might be handleded [sic]. The impact on customer rates would be adverse and could be very severe. The only way to prevent rates from snowballing due to retroactively adding after-developed safety devices is to treat those additions as customer-requested changes to facilities at the customers' individual cost.

The Department concludes that the recent Commission-approved EFV tariff in Docket No. G004/M-17-625 would be consistent with the utilities' concerns and positions regarding the appropriate EFV tariff language for the installation of an EFV on an existing service line. As explained in section II, the Commission-approved EFV tariff requires the customer to pay the cost to install the requested EFV, but excludes the cost of the EFV itself and any other physical plant placed in service to accomplish the installation of the EFV. However, the Commission allowed Great Plains to add these costs to its physical plant for possible recovery in a future rate case.

## VII. PAYMENTS OPTIONS FOR REQUESTING CUSTOMERS

Xcel and CPE indicated that they did not have a payment plan for the installation of an EFV on an existing service line.

Xcel raised the following concerns regarding offering a payment option for the installation of an EFV on an existing service line given that "the Company treats this as a non-commodity charge, distinct from commodity charges for natural gas usage and other related charges collected through our normal billing process:"[21]

> The Company's billing system cannot easily keep non-commodity and commodity charges separate. Without being able to separate the two, it may be difficult to differentiate if a customer falls behind on a non-commodity charge versus commodity charges

[21] Source: Xcel's March 6, 2018 comments at 4 in Docket No. G999/CI-18-41.

GMG and Great Plains stated that they would offer their customers, including low-income customers, a payment plan for the installation of an EFV on an existing service line. Great Plains' payment plan would consist of "a twenty-five percent down payment and up to 24 monthly payments to lessen the upfront cost burden associated with installing an EFV on an existing service line."[22] GMG would provide "a payment plan for customers who request installation of an EFV but cannot pay for it up front to spread the cost over a period 16 to 18 months."[23]

MERC stated that it has a payment plan available for the installation of an EFV on an existing service line, "Even Payment Plan" under Tariff Sheet No. 820.[24] Following discovery from the Department, MERC provided a copy of its payment plan and the following description of its payment plan:[25]

> MERC's even payment plan option allows customers to equalize bills over the course of the year, thereby mitigating large fluctuations in monthly payments. Using this option, customers who choose to install an EFV on an existing service could spread repayment of costs over one year.

The importance of the distinction between commodity and non-commodity costs in Xcel's billing system is not entirely clear. Absent persuasive support for the prohibitive difficulty involved in establishing a payment plan for requested EFV installation, the Department recommends that the Commission require Xcel and CPE to offer payment plans.

## VIII. DEPARTMENT RECOMMENDATIONS

The Department recommends that the Commission require Xcel and CenterPoint to offer payment plans for the installation of customer-requested EFVs.

The Department requests that Xcel, MERC and CPE provide in reply comments an updated version of their notifications to fully comply with the requirements of 49 CFR § 192.383 (e).

The Department requests that GMG provide in reply comments a copy of the required customer notification and/or revised notification as needed and explain how its notification and/or revised notification complies with the requirements of 49 CFR § 192.383 (e).

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[22] Source: Great Plains' March 6, 2018 comments at 2 in Docket No. G999/CI-18-41.
[23] Source: GMG's March 6, 2018 comments at 2 in Docket No. G999/CI-18-41.
[24] Source: MERC's March 6, 2018 comments at 4 in Docket No. G999/CI-18-41.
[25] Source: Attachment 2 to these comments.

The Department requests that Xcel, MERC, CPE and GMG provide in reply comments proposed tariffs specific to EFVs consistent with Great Plains EFV specific tariff.

/ja

Attachment 1

# ELECTRONIC CODE OF FEDERAL REGULATIONS

## e-CFR data is current as of March 28, 2018

Title 49 → Subtitle B → Chapter I → Subchapter D → Part 192

Title 49: Transportation

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## PART 192—TRANSPORTATION OF NATURAL AND OTHER GAS BY PIPELINE: MINIMUM FEDERAL SAFETY STANDARDS

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**Subpart A—General**



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**Subpart I—Requirements for Corrosion Control**



**Subpart J—Test Requirements**



**Subpart K—Uprating**



**Subpart L—Operations**

(b) Each plastic service line inside a building must be protected against external damage.

[35 FR 13257, Aug. 19, 1970, as amended by Amdt. 192-78, 61 FR 28785, June 6, 1996]

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### §192.377 Service lines: Copper.

Each copper service line installed within a building must be protected against external damage.

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### §192.379 New service lines not in use.

Each service line that is not placed in service upon completion of installation must comply with one of the following until the customer is supplied with gas:

(a) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.

(b) A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.

(c) The customer's piping must be physically disconnected from the gas supply and the open pipe ends sealed.

[Amdt. 192-8, 37 FR 20694, Oct. 3, 1972]

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### §192.381 Service lines: Excess flow valve performance standards.

(a) Excess flow valves (EFVs) to be used on service lines that operate continuously throughout the year at a pressure not less than 10 p.s.i. (69 kPa) gage must be manufactured and tested by the manufacturer according to an industry specification, or the manufacturer's written specification, to ensure that each valve will:

(1) Function properly up to the maximum operating pressure at which the valve is rated;

(2) Function properly at all temperatures reasonably expected in the operating environment of the service line;

(3) At 10 p.s.i. (69 kPa) gage:

(i) Close at, or not more than 50 percent above, the rated closure flow rate specified by the manufacturer; and

(ii) Upon closure, reduce gas flow—

(A) For an excess flow valve designed to allow pressure to equalize across the valve, to no more than 5 percent of the manufacturer's specified closure flow rate, up to a maximum of 20 cubic feet per hour (0.57 cubic meters per hour); or

(B) For an excess flow valve designed to prevent equalization of pressure across the valve, to no more than 0.4 cubic feet per hour (.01 cubic meters per hour); and

(4) Not close when the pressure is less than the manufacturer's minimum specified operating pressure and the flow rate is below the manufacturer's minimum specified closure flow rate.

(b) An excess flow valve must meet the applicable requirements of Subparts B and D of this part.

(c) An operator must mark or otherwise identify the presence of an excess flow valve in the service line.

(d) An operator shall locate an excess flow valve as near as practical to the fitting connecting the service line to its source of gas supply.

(e) An operator should not install an excess flow valve on a service line where the operator has prior experience with contaminants in the gas stream, where these contaminants could be expected to cause the excess flow valve to malfunction or where the excess flow valve would interfere with necessary operation and maintenance activities on the service, such as blowing liquids from the line.

[Amdt. 192-79, 61 FR 31459, June 20, 1996, as amended by Amdt. 192-80, 62 FR 2619, Jan. 17, 1997; Amdt. 192-85, 63 FR 37504, July 13, 1998; Amdt. 192-121, 81 FR 71001, Oct. 14, 2016]

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**§192.383 Excess flow valve installation.**

(a) *Definitions.* As used in this section:

*Branched service line* means a gas service line that begins at the existing service line or is installed concurrently with the primary service line but serves a separate residence.

*Replaced service line* means a gas service line where the fitting that connects the service line to the main is replaced or the piping connected to this fitting is replaced.

*Service line serving single-family residence* means a gas service line that begins at the fitting that connects the service line to the main and serves only one single-family residence (SFR).

(b) *Installation required.* An EFV installation must comply with the performance standards in §192.381. After April 14, 2017, each operator must install an EFV on any new or replaced service line serving the following types of services before the line is activated:

(1) A single service line to one SFR;

(2) A branched service line to a SFR installed concurrently with the primary SFR service line (*i.e.,* a single EFV may be installed to protect both service lines);

(3) A branched service line to a SFR installed off a previously installed SFR service line that does not contain an EFV;

(4) Multifamily residences with known customer loads not exceeding 1,000 SCFH per service, at time of service installation based on installed meter capacity, and

(5) A single, small commercial customer served by a single service line with a known customer load not exceeding 1,000 SCFH, at the time of meter installation, based on installed meter capacity.

(c) *Exceptions to excess flow valve installation requirement.* An operator need not install an excess flow valve if one or more of the following conditions are present:

(1) The service line does not operate at a pressure of 10 psig or greater throughout the year;

(2) The operator has prior experience with contaminants in the gas stream that could interfere with the EFV's operation or cause loss of service to a customer;

(3) An EFV could interfere with necessary operation or maintenance activities, such as blowing liquids from the line; or

(4) An EFV meeting the performance standards in §192.381 is not commercially available to the operator.

(d) *Customer's right to request an EFV.* Existing service line customers who desire an EFV on service lines not exceeding 1,000 SCFH and who do not qualify for one of the exceptions in paragraph (c) of this section may request an EFV to be installed on their service lines. If an eligible service line customer requests an EFV installation, an operator must install the EFV at a mutually agreeable date. The operator's rate-setter determines how and to whom the costs of the requested EFVs are distributed.

(e) *Operator notification of customers concerning EFV installation.* Operators must notify customers of their right to request an EFV in the following manner:

(1) Except as specified in paragraphs (c) and (e)(5) of this section, each operator must provide written or electronic notification to customers of their right to request the installation of an EFV. Electronic notification can include emails, Web site postings, and e-billing notices.

(2) The notification must include an explanation for the service line customer of the potential safety benefits that may be derived from installing an EFV. The explanation must include information that an EFV is designed to shut off the flow of natural gas automatically if the service line breaks.

(3) The notification must include a description of EFV installation and replacement costs. The notice must alert the customer that the costs for maintaining and replacing an EFV may later be incurred, and what those costs will be to the extent known.

(4) The notification must indicate that if a service line customer requests installation of an EFV and the load does not exceed 1,000 SCFH and the conditions of paragraph (c) are not present, the operator must install an EFV at a mutually agreeable date.

(5) Operators of master-meter systems and liquefied petroleum gas (LPG) operators with fewer than 100 customers may continuously post a general notification in a prominent location frequented by customers.

(f) *Operator evidence of customer notification.* An operator must make a copy of the notice or notices currently in use available during PHMSA inspections or State inspections conducted under a pipeline safety program certified or approved by PHMSA under 49 U.S.C. 60105 or 60106.

(g) *Reporting.* Except for operators of master-meter systems and LPG operators with fewer than 100 customers, each operator must report the EFV measures detailed in the annual report required by §191.11.

[81 FR 71001, Oct. 14, 2016; 81 FR 72739, Oct. 21, 2016]

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**§192.385 Manual service line shut-off valve installation.**

(a) *Definitions.* As used in this section:

*Manual service line shut-off valve* means a curb valve or other manually operated valve located near the service line that is safely accessible to operator personnel or other personnel authorized by the operator to manually shut off gas flow to the service line, if needed.

(b) *Installation requirement.* The operator must install either a manual service line shut-off valve or, if possible, based on sound engineering analysis and availability, an EFV for any new or replaced service line with installed meter capacity exceeding 1,000 SCFH.

(c) *Accessibility and maintenance.* Manual service line shut-off valves for any new or replaced service line must be installed in such a way as to allow accessibility during emergencies. Manual service shut-off valves installed under this section are subject to regular scheduled maintenance, as documented by the operator and consistent with the valve manufacturer's specification.

[81 FR 71002, Oct. 14, 2016]

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## Subpart I—Requirements for Corrosion Control

SOURCE: Amdt. 192-4, 36 FR 12302, June 30, 1971, unless otherwise noted.

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**§192.451 Scope.**

(a) This subpart prescribes minimum requirements for the protection of metallic pipelines from external, internal, and atmospheric corrosion.

(b) [Reserved]

[Amdt. 192-4, 36 FR 12302, June 30, 1971, as amended by Amdt. 192-27, 41 FR 34606, Aug. 16, 1976; Amdt. 192-33, 43 FR 39389, Sept. 5, 1978]

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**§192.452 How does this subpart apply to converted pipelines and regulated onshore gathering lines?**

(a) *Converted pipelines.* Notwithstanding the date the pipeline was installed or any earlier deadlines for compliance, each pipeline which qualifies for use under this part in accordance with §192.14 must meet the requirements of this subpart specifically applicable to pipelines installed before August 1, 1971, and all other applicable requirements within 1 year after the pipeline is readied for service. However, the requirements of this subpart specifically applicable to pipelines installed after July 31, 1971, apply if the pipeline substantially meets those requirements before it is readied for service or it is a segment which is replaced, relocated, or substantially altered.

(b) *Regulated onshore gathering lines.* For any regulated onshore gathering line under §192.9 existing on April 14, 2006, that was not previously subject to this part, and for any onshore gathering line that becomes a regulated onshore gathering line under §192.9 after April 14, 2006, because of a change in class location or increase in dwelling density:

(1) The requirements of this subpart specifically applicable to pipelines installed before August 1, 1971, apply to the gathering line regardless of the date the pipeline was actually installed; and

(2) The requirements of this subpart specifically applicable to pipelines installed after July 31, 1971, apply only if the pipeline substantially meets those requirements.

[Amdt. 192-30, 42 FR 60148, Nov. 25, 1977, as amended by Amdt. 192-102, 71 FR 13303, Mar. 15, 2006]

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**Ouanes, Samir (COMM)**

| | |
|---|---|
| **From:** | Stastny, Kristin <KStastny@Briggs.com> |
| **Sent:** | Friday, March 30, 2018 11:41 AM |
| **To:** | Ouanes, Samir (COMM) |
| **Cc:** | Lee, Amber S |
| **Subject:** | MERC Even Payment Plan Tariff Sheet |
| **Attachments:** | MERC Tariff Sheet 8.20.pdf |

Good morning Samir,

In follow up to our conversation, attached is MERC's current tariff sheet 8.20, which addresses the Even Payment Plan Option under Item 8.D. MERC's even payment plan option allows customers to equalize bills over the course of the year, thereby mitigating large fluctuations in monthly payments. Using this option, customers who choose to install an EFV on an existing service could spread repayment of costs over one year.

Let us know if you have any additional questions.

Have a great weekend!

Kristin

**Kristin Stastny**
Shareholder
Briggs and Morgan, Professional Association

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GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

C. Billing Errors (Continued)

2. Undercharges (Continued)
When the Company has undercharged a customer, the Company shall calculate the difference between the amount collected for service rendered and the amount the Company should have collected for service rendered, for the period beginning one (1) year before the date of discovery. If the recalculated bills indicate that the amount due Company exceeds Ten Dollars ($10.00), Company may bill the customer for the amount due. The Company shall not bill for any undercharge incurred after the date of a customer inquiry or complaint if the Company failed to begin investigating the matter within a reasonable time and the inquiry or complaint ultimately resulted in the discovery of the undercharge. The original billing rendered because of a billing error shall be separated on the regular bill and the charges explained in detail.

If the date the error occurred can be fixed with reasonable certainty, the remedy shall be calculated on the basis of payments for service rendered after that date, but in no event for a period beginning more than one (1) year before the discovery of an undercharge.

The Company will offer a payment agreement to residential customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the Company, except that the duration of a payment agreement offered by the Company to a customer whose household income is at or below 50 percent of state median household income must consider the financial circumstances of the customer's household. No interest or delinquency fee may be charged as part of an undercharge agreement under this paragraph.

D. Even Payment Plan
The Company shall offer an Even Payment Plan to all General Service Customers whose accounts are paid in full and who agree to the conditions of the plan. Normally, monthly variations may result from rate increases, fluctuations in Purchased Gas Cost Adjustments, variations in usage, and weather conditions. However, the Even Payment plan is designed to minimize large changes.

Customers may enroll in the program during any month of the year.

The Even Payment Plan may be periodically reviewed by the Company and the monthly installment shall be revised if it appears that the debit or credit balance at the end of the Even Payment period will substantially exceed the estimate.

The annual recalculation month is the same month as the initial anniversary date of enrollment. If a customer's budget changes anytime, the annual recalculation month reflects one year from the change or review. The difference between the accumulated total amount of the customer's billings determined by metered usage, and the accumulated total of the amount paid shall be rolled over into the estimated billing for the upcoming year, and the new Even Pay amount will be calculated using that total.

GENERAL RULES, REGULATIONS, TERMS AND CONDITIONS

8. BILLING AND PAYMENT (Continued)

E. Late Payment Charge

If the payment is not received on or before the assessed date indicated on the bill, the bill shall be deemed delinquent and a Late Payment Charge will be assessed. Late Payment Charges are assessed on the delinquent amount only, in the percentage and timing indicated on each rate schedule or contract. If the penalty date falls on a Saturday, Sunday or holiday, it will be extended through the next normal working day before the Late Payment Charge is assessed. In the case of a residential customer on either a budget billing plan or a payment schedule "delinquent amounts" means the lesser of the outstanding account balance or the outstanding scheduled payments. The utility shall credit all payments received against the oldest outstanding account balance before the application of any Late Payment Charge. Any balance in excess of $10 will be assessed a charge.

Residential customers receiving energy assistance may request and receive a one-time waiver, within a 12-month period, of a monthly Late Payment Charge.

The Late Payment Charge will be waived in instances where a Company error is involved, where complications arise with financial institutions in processing automatic electronic payments, or where the bill is disputed.

F. Excise Taxes

When any governmental entity imposes a franchise, occupation, business, sales, license, excise, privilege or similar tax of any kind on the Company, the amounts thereof, insofar as practical, shall be surcharged on a proportionate basis to all customers receiving gas service within such governmental entity. This tax charge, in all cases, will be in addition to the regular charges for gas service.

The following franchise fees shall be applicable to bills for natural gas sales within the corporate limits of the listed cities. The Company remits 100% of the franchise fees collected to the local governmental unit.

The Company will notify the Minnesota Public Utilities Commission of any new, renewed, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, at least 60 days prior to its implementation. If the Company receives less than 60 days' notice of a repealed or reduced fee from a city, the Company will notify the Minnesota Public Utilities Commission within 10 business days of receiving notice. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise ordinance, or other operative document authorizing imposition of, or change in, the fee.

The Company will include the following language on the first bill to a customer on which a new or modified fee is listed:

The MUNICIPALITY imposes a X% OF GROSS REVENUES/X% PER METER/$ PER THERM fee on Minnesota Energy Resources Corporation collectible through a fee on Minnesota Energy Resources Corporation accounts effective MM/DD/YYYY. The line item appears on your bill as "Franchise fee-MUNICIPALITY." Minnesota Energy Resources Corporation remits 100% of this fee to the MUNICIPALITY.

# 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. G999/CI-18-41

Dated this 6th day of April 2018

/s/Sharon Ferguson

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|---|---|---|---|---|---|---|---|
| Tamie A. | Aberle | tamie.aberle@mdu.com | Great Plains Natural Gas Co. | 400 North Fourth Street<br><br>Bismarck,<br>ND<br>585014092 | Electronic Service | No | OFF_SL_18-41_Official |
| Kristine | Anderson | kanderson@greatermngas.com | Greater Minnesota Gas, Inc. | 202 S. Main Street<br><br>Le Sueur,<br>MN<br>56058 | Electronic Service | No | OFF_SL_18-41_Official |
| Ryan | Barlow | Ryan.Barlow@ag.state.mn.us | Office of the Attorney General-RUD | 445 Minnesota Street<br>Bremer Tower, Suite 1400<br>St. Paul,<br>Minnesota<br>55101 | Electronic Service | No | OFF_SL_18-41_Official |
| David | Blomseth | davidb@communitycoops.com | Community Co-ops of Lake Park | PO Box 329<br>14583 Hwy 10 W<br>Lake Park,<br>MN<br>56554 | Electronic Service | No | OFF_SL_18-41_Official |
| Generic Notice | Commerce Attorneys | commerce.attorneys@ag.state.mn.us | Office of the Attorney General-DOC | 445 Minnesota Street Suite 1800<br><br>St. Paul,<br>MN<br>55101 | Electronic Service | Yes | OFF_SL_18-41_Official |
| Carl | Cronin | Regulatory.records@xcelenergy.com | Xcel Energy | 414 Nicollet Mall FL 7<br><br>Minneapolis,<br>MN<br>554011993 | Electronic Service | No | OFF_SL_18-41_Official |
| Ian | Dobson | residential.utilities@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012130 | Electronic Service | Yes | OFF_SL_18-41_Official |
| Randy | Dooley | rdooley@dooleypetro.com | Dooley's Natural Gas LLC | PO Box 100<br><br>Murdock,<br>MN<br>56271 | Electronic Service | No | OFF_SL_18-41_Official |
| Steve | Downer | sdowner@mmua.org | MMUA | 3025 Harbor Ln N Ste 400<br><br>Plymouth,<br>MN<br>554475142 | Electronic Service | No | OFF_SL_18-41_Official |
| Sharon | Ferguson | sharon.ferguson@state.mn.us | Department of Commerce | 85 7th Place E Ste 280<br><br>Saint Paul,<br>MN<br>551012198 | Electronic Service | No | OFF_SL_18-41_Official |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|---|---|---|---|---|---|---|---|
| Mike | Gorham | mike@nwgas.com | Gorham's Inc dba Northwest Gas | 1608 NW 4th St<br>Grand Rapids,<br>MN<br>55744 | Electronic Service | No | OFF_SL_18-41_Official |
| Travis | Jacobson | travis.jacobson@mdu.com | Great Plains Natural Gas Company | 400 N 4th St<br>Bismarck,<br>ND<br>58501 | Electronic Service | No | OFF_SL_18-41_Official |
| Jack | Kegel | jkegel@mmua.org | MMUA | 3025 Harbor Lane N Suite 400<br>Plymouth,<br>MN<br>55447-5142 | Electronic Service | No | OFF_SL_18-41_Official |
| Allen | Krug | allen.krug@xcelenergy.com | Xcel Energy | 414 Nicollet Mall-7th fl<br>Minneapolis,<br>MN<br>55401 | Electronic Service | No | OFF_SL_18-41_Official |
| Amber | Lee | ASLee@minnesotaenergyresources.com | Minnesota Energy Resources Corporation | 2665 145th St W<br>Rosemount,<br>MN<br>55068 | Electronic Service | No | OFF_SL_18-41_Official |
| Amy | Liberkowski | amy.a.liberkowski@xcelenergy.com | Xcel Energy | 414 Nicollet Mall<br>7th Floor<br>Minneapolis,<br>MN<br>554011993 | Electronic Service | No | OFF_SL_18-41_Official |
| Douglas | Lund | doug.lund@ufcmn.com | United Natural Gas, LLC | 705 E. 4th Street<br>PO Box 461<br>Winthrop,<br>MN<br>55396 | Electronic Service | No | OFF_SL_18-41_Official |
| Brian | Meloy | brian.meloy@stinson.com | Stinson,Leonard, Street LLP | 50 S 6th St Ste 2600<br>Minneapolis,<br>MN<br>55402 | Electronic Service | No | OFF_SL_18-41_Official |
| Greg | Palmer | gpalmer@greatermngas.com | Greater Minnesota Gas, Inc. | PO Box 68<br>202 South Main Street<br>Le Sueur,<br>MN<br>56058 | Electronic Service | No | OFF_SL_18-41_Official |
| Adam | Pyles | adam.pyles@centerpointenergy.com | CenterPoint Energy | 800 LaSalle Avenue<br>PO Box 59038<br>Minneapolis,<br>MN<br>554590038 | Electronic Service | No | OFF_SL_18-41_Official |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|---|---|---|---|---|---|---|---|
| Amanda | Rome | amanda.rome@xcelenergy.com | Xcel Energy | 414 Nicollet Mall FL 5<br><br>Minneapoli,<br>MN<br>55401 | Electronic Service | No | OFF_SL_18-41_Official |
| Peggy | Sorum | peggy.sorum@centerpointenergy.com | CenterPoint Energy | 505 Nicollet Mall<br><br>Minneapolis,<br>MN<br>55402 | Electronic Service | No | OFF_SL_18-41_Official |
| Kristin | Stastny | kstastny@briggs.com | Briggs and Morgan, P.A. | 2200 IDS Center<br>80 South 8th Street<br>Minneapolis,<br>MN<br>55402 | Electronic Service | No | OFF_SL_18-41_Official |
| James M. | Strommen | jstrommen@kennedy-graven.com | Kennedy & Graven, Chartered | 470 U.S. Bank Plaza<br>200 South Sixth Street<br>Minneapolis,<br>MN<br>55402 | Electronic Service | No | OFF_SL_18-41_Official |
| Eric | Swanson | eswanson@winthrop.com | Winthrop & Weinstine | 225 S 6th St Ste 3500<br>Capella Tower<br>Minneapolis,<br>MN<br>554024629 | Electronic Service | No | OFF_SL_18-41_Official |
| Tim | Thompson | tthompson@lrec.coop | Lake Region Electric Cooperative | PO Box 643<br>1401 South Broadway<br>Pelican Rapids,<br>MN<br>56572 | Electronic Service | No | OFF_SL_18-41_Official |
| Teresa | Wenninger | teresa.wenninger@ufcmn.com | United Farmers Cooperative | PO Box 461<br><br>Winthrop,<br>MN<br>55396 | Electronic Service | No | OFF_SL_18-41_Official |
| Daniel P | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | 121 7th Place East<br>Suite 350<br>St. Paul,<br>MN<br>551012147 | Electronic Service | Yes | OFF_SL_18-41_Official |