

February 1, 2016

Mr. Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. G022/M-15-1090

Dear Mr. Wolf:

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

Greater Minnesota Gas, Inc.'s Proposal for Revised Reporting Metric Regarding Service Extensions for Annual Service Quality Reporting.

The petition was filed on December 31, 2015 by:

Kristine A. Anderson  
Corporate Attorney  
Greater Minnesota Gas, Inc.  
202 South Main Street  
Post Office Box 68  
Le Sueur, Minnesota 56058

The Department will provide a final recommendation after reviewing Greater Minnesota Gas Inc.'s reply comments.

Sincerely,

/s/ SUSAN MEDHAUG  
Supervisor, Energy Regulation & Planning

SM/ja  
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES

DOCKET No. G022/M-15-1090

**I. BACKGROUND**

**A. GENERAL BACKGROUND ON GAS SERVICE QUALITY FILINGS**

The Minnesota Public Utilities Commission's (Commission) August 26, 2010 *Order Setting Reporting Requirements* in Docket No. G999/CI-09-409 (09-409 Docket) required natural gas public utilities other than Great Plains Natural Gas Co. and Greater Minnesota Gas, Inc. (GMG or the Company) to file annual service quality reports similar to what is required of electric public utilities.

The Commission's January 18, 2011 *Order Setting Reporting Requirements* in the 09-409 Docket required Great Plains Natural Gas Co. and GMG to file annual service quality reports on May 1 of each year, beginning May 1, 2011. One of the reporting requirements specified that:

Both Great Plains and GMG shall report the service extension request response time data contained in Minn. Rules, part 7826.1600, items A and B, except that data reported under Minn. Stat. §§ 216B.091<sup>[1]</sup> and 216B.096, subd. 11,<sup>[2]</sup> is not required. This requirement becomes effective for each utility for the calendar year beginning on January 1, 2011. Each utility shall begin including data for this requirement in its second annual report.

Minn. Rules, part 7826.1600, items A and B requires the following information for each customer class and calendar month:

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<sup>1</sup> Minn. Stat. § 216B.091 requires public utilities to file monthly data relating to residential customer disconnections for nonpayment.

<sup>2</sup> Minn. Stat. § 216B.096, subd. 11 requires annual reporting on residential disconnections during and just prior to the Cold Weather Rule period.

- A. the number of customers requesting service to a location not previously served by the utility and the intervals between the date service was installed and the later of the in-service date requested by the customer or the date the premises were ready for service; and
- B. the number of customers requesting service to a location previously served by the utility, but not served at the time of the request, and the intervals between the date service was installed and the later of the in-service date requested by the customer or the date the premises were ready for service.

Because Minn. Rules, part 7826.1600 was developed in the context of electric utility reporting, there were several ways to interpret this reporting metric in the context of natural gas utilities. For instance, for some utilities, nearly all requests for service to locations currently served but not at the time of the request are typically instances of customers requesting reconnection after being disconnected for nonpayment. This situation occurs because some gas utilities do not disconnect service between tenants or ownership changes. Therefore, in its March 6, 2012 *Order Accepting Reports and Setting Further Requirements*, the Commission directed:

. . . the utilities to 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.

Further, the Commission included the following Order Points:

- 9. The utilities shall work with the Department and Commission staff on an ongoing basis to develop more accurate and complete service quality reports.
- 10. The gas utilities shall comply with the filing requirements described herein.
- 11. The parties shall convene a workgroup to work on improving consistency in reporting and to address the issues described herein.

A work group met in June 2012.<sup>3</sup> Through the work group, the utilities compared what each was including in the various reporting metrics and discussed how and whether to resolve any differences. As to the service extension metric, all utilities appeared to be including similar types of data in their reporting, except for Interstate Power and Light, which agreed to conform to what the other utilities were providing by excluding from the data provided to the

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<sup>3</sup> GMG did not participate in the work group.

Commission instances in which a customer was requesting reconnection due to disconnection for non-payment.

**B. BACKGROUND ON GMG'S GAS SERVICE QUALITY FILINGS**

As noted above, the Commission's January 18, 2011 Order in Docket 09-409 allowed GMG and Great Plains until their second annual service quality report<sup>4</sup> to report on service extensions. In its second annual service quality report (Docket No. E022/M-12-1130), GMG provided the following detailed information reflecting only requests for service to locations not previously served.

<b>A.</b>								
<b>Residential/Small CO</b>	<b>Sold</b>	<b>Installed</b>	<b># Cust</b>	<b>Days to Complete</b>				
Limestone Lane	4/5/2011	5/16/2011	1	41				
R & R Farms	5/24/2011	9/30/2011	2	128	customer requested fall installation			
Sisters Lane	9/2/2011	11/11/2011	4	70	state permit / hwy. 13			
Caribou Trl	9/21/2011	11/28/2011	1	68	new build - waiting on site readiness			
State Hwy. 83	6/25/2011	9/21/2011	9	88	state permit / hwy. 83			
Caribou Trl (2)	10/14/2011	10/24/2011	1	10				
Shieldsville	8/15/2011	10/1/2011	85	46				
			<b>103</b>	<b>64</b>	avg.			
<b>Agriculture</b>	<b>Sold</b>							
R & R Grain Dryer	5/24/2011	9/30/2011	1	128	customer requested fall installation			
Vetter 354th	8/5/2011	9/16/2011	1	41				
Vetter Shanaska Crk.	9/6/2011	9/26/2011	3	20				
Shieldsville	8/15/2011	10/1/2011	3	46				
			<b>8</b>	<b>59</b>	avg.			

GMG appeared to interpret "locations previously served" as locations for which no service existed, but were along an existing main, and to interpret "locations not previously served" as locations for which new main installation was required. Under that interpretation and as to locations previously served, GMG provided the total number of customers and average number of days for installation for those customers located along an existing main.

In response to the Minnesota Department of Commerce's comments regarding tenant/ownership changes, in its May 2, 2013 reply comments, GMG indicated that, because it does not stop service between account transfers, service transfer requests occur on the day agreed upon between the new and former occupants.

Recognizing that, though the information provided by GMG was dissimilar to what was reported by the other natural gas utilities, the Commission concluded that the detailed information provided by GMG regarding new service extensions was relevant to the Company's operations and sufficiently responsive to the reporting requirement. Therefore, in its April 7, 2014 Order, the Commission required GMG to continue to provide in future reports the same detailed information as the Company provided in its second annual report.

<sup>4</sup> The natural gas utilities' annual service quality reports are due May 1; GMG filed its second annual report on October 11, 2012.

On May 1, 2013, GMG filed its third annual service quality report. The Department notes that at that time the Commission had not yet considered GMG's second annual service quality report. In its third annual service quality report, GMG provided general service extension information. GMG reported that service was extended to five locations "congruent with the main line, therefore the premises were immediately ready for service." Further, the Company indicated "that it processed an estimated 800 requests" for a change in occupancy and that there were no delays in processing those requests. The Department did not request further information (such as monthly and customer class detail); the Commission accepted GMG's report.

On November 13, 2014, GMG filed its fourth annual service quality report. GMG failed to comply with the Commission's April 7, 2014 Order in Docket No. E022/M-12-1130 and instead provided the same type of general information as it did in its third annual report. In its March 16, 2015 comments, the Department requested that GMG provide the required information in reply comments. In its March 26, 2015 reply comments, GMG stated that "the requested metric does not easily translate into reportable data based on GMG's construction and sales model. . . . There isn't a request interval *per se* because the service requests were made as part of the entire project development throughout the year." GMG suggested "that it work with the Department and/or Commission staff to specifically identify what is trying to be measured by the reporting metric and whether a meaningful comparison to other utilities is actually possible." In response, the Department noted that the Commission had already established that the information provided in GMG's second annual service quality report was useful, responsive to the reporting requirement, and required going forward. In its August 31, 2015 Order, the Commission noted GMG's initial filing and the Department's comments in Docket No. G022/M-15-434 (see below), and thus allowed GMG to propose a new metric for service extension response time.

On May 8, 2015, GMG filed its fifth annual service quality report. As to service extensions, GMG provided a trade secret table listing each service extension project initiated in 2014, including its status, initial request date, and completion date. GMG indicated that it "added approximately 550 new meters in 2014." In its July 22, 2015 comments, the Department noted the lack of firm information regarding meter additions, such as the breakdown of service additions by new main installations that was provided in GMG's second annual report. In response, GMG repeated past observations that GMG's main extension model necessitates a different reporting requirement than that of other utilities.

## II. SUMMARY OF PROPOSAL

On December 31, 2015, GMG filed its *Proposal for Revised Reporting Metric Regarding Service Extensions for Annual Service Quality Reporting* in Docket No. G022/M-15-1090. GMG proposed to provide service extension data as follows:

- Number of new geographical areas served during a calendar year.
- Number of new geographical areas that were promised service during a calendar year but did not ultimately receive service, along with explanatory information as to why service was not extended.
- Number of new on-main customers served during a calendar year.
- Number of on-main customers who requested but were denied service during a calendar year, along with explanatory information as to why service was not extended.
- Number of customers requesting service to a location previously served by the utility but not served at the time of the request, along with the service extension interval.
- Number of complaints specifically related to delays in extending service, along with explanatory information regarding the nature of the delay and resolution.

### III. DEPARTMENT ANALYSIS

As previously noted, the Commission established uniform reporting requirements for gas utilities and modeled those reporting requirements after the already existing electric utility standards contained in Minn. Rules, Chapter 7826. Uniform requirements are important to ensure that all regulated utilities are treated similarly. However, the Commission determined that it was reasonable to allow smaller gas utilities, i.e., Great Plains Natural Gas and GMG, to propose service quality metrics that address the relevant factors yet consider those utilities' reporting capabilities.

While uniform reporting requirements among utilities are important in terms of fairness, uniform reporting requirements over time are even more important. Contrary to GMG's assertions,<sup>5</sup> the Department evaluates service quality reports individually and looks for trends, over time, of any change in the utility's service quality. Service quality reporting "alert[s] the Commission to customer service and consumer protection issues and give[s] the Commission the tools necessary to monitor, protect, and maintain service quality."<sup>6</sup> Monitoring service quality over time is only possible when the reported information reflects the same measurement over time. Therefore, what has been the most troubling about GMG's service extension reporting is GMG's resistance to continuing to report the same information that the Company provided in its second annual report. The Department recognized that the information provided by GMG was not analogous to the information provided by the other gas utilities, but concluded that the information suited GMG's unique situation and was responsive to the reporting requirement. The Commission agreed, and

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<sup>5</sup> GMG initial filing, page 2: "The goal of the Department is to employ broad-based statistical reporting metrics in order to engage in comparative review across regulated utilities. In fact, the annual service quality reporting requirement was borne out of [DOC's] desire to shift from assessing each utility's service quality individually to conducting review based on the use of baseline data and simultaneous review." These statements are baseless and inaccurate.

<sup>6</sup> August 26, 2010 *Order Setting Reporting Requirements*, Docket No. G999/CI-09-409.

required GMG to provide the same information going forward. Had GMG complied with the Commission's Order and continued to provide this same information in subsequent reports, the Commission would have 4 years of comparable service extension information.

The Department continues to conclude that the information provided by GMG in its second annual report on service request response times is reasonable and relevant. Given GMG's resistance to its own originally proposed approach, and considering that the Commission allowed the Company to propose a new metric, the Department would not object to the current proposal, but offers the following comments and notes certain concerns.

*A. INFORMATION REGARDING NEW MAIN EXTENSIONS*

GMG proposed to provide the number of new geographical areas served during a calendar year, and the number of new geographical areas that were promised service during a calendar year but did not receive service, along with explanatory information as to why service was not extended. The Department agrees that this information may be of interest to the Commission and appreciates GMG's offer to provide it.

One option for the Commission to consider would be to require GMG to provide the Company's expectations regarding the estimated number of customers GMG expects to be served by each main extension project, and the actual number of customers connected. Such information may be useful should the Commission wish to monitor GMG's progress toward its stated goal of expanding the number of customers on its system.<sup>7</sup> The Department invites GMG to address in reply comments to what extent it can provide that information.

*B. INFORMATION REGARDING SERVICE EXTENSIONS ALONG EXISTING MAIN*

GMG proposed to provide the number of new on-main customers served during a calendar year and, the number of such customers who requested, but were denied service, along with explanatory information as to why service was not extended. The Department notes that GMG's proposal does not include information regarding customer class nor would the proposal provide any indication of timing or time of year (as noted above, Minn. Rules, part 7826.1600, items A and B requires service extension information by customer class and calendar month).

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<sup>7</sup> Should the Commission require GMG to report estimated and actual customer numbers associated with a service extension, the Department understands that there may be instances in which the actual and expected number of customers associated with a particular main extension project may take time to "match up," and expects that GMG may wish to include information regarding expected timelines in its reporting.

A temporal indication helps the Commission weigh and consider the potential challenges faced by the utility and provides insight into any potential issues. Information by customer class provides similar context in the event a potential issue is identified. While it is true that GMG's current proposal to report service extension complaints, including explanatory information, would likely provide the Commission with sufficient context, GMG has indicated that there are no service extension complaints;<sup>8</sup> therefore it is unlikely that there would be any context to the numbers that would be reported in this category. The Department requests that GMG discuss the extent to which customer class and temporal information can be provided.

GMG's proposal does not include service extension response time for new locations (whether involving new main or existing main). GMG indicated that "Customers are aware that the main will be installed several months later and that, after the main installation is complete, their individual services will be run."<sup>9</sup> It appears, therefore, that in GMG's case, service extension response time could be measured starting from the date the main installation is complete, rather than when the customer requested or was sold service. The Department invites GMG to discuss whether the Company tracks this information, and whether there is any information available that would provide some indication of response time.

#### *C. INFORMATION REGARDING LOCATIONS PREVIOUSLY SERVED*

Finally, GMG proposed to provide the number of customers requesting service to a location previously served, along with the service extension interval. It is unclear whether the service extension interval would be provided for each customer or whether it would be reported as an annual average, or something different. The Department requests that GMG clarify this reporting proposal.

#### *D. SERVICE EXTENSION COMPLAINTS*

GMG proposed to provide the number of complaints received during the year specifically related to service extensions, including explanatory information regarding the nature of the delay and the resolution of the complaint. The Department supports GMG's proposal.

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<sup>8</sup> On page 4 of GMG's March 26, 2015 reply comments in G022/M-14-964, GMG stated, "GMG's continued delivery of gas to unserved rural areas coupled with its lack of complaints about the time for service extension provides empirical evidence that it meets customer expectations."

<sup>9</sup> GMG's March 26, 2015 reply comments, page 4.



#### IV. CONCLUSION

The Department requests that GMG address the following in reply comments:

- the extent to which GMG could provide the Company's expectations regarding the estimated number of customers GMG expects to be served by each main extension project, and the actual number of customers connected;
- the extent to which customer class and temporal information can be provided;
- the extent to which GMG could report service extension response measured starting from the date the main installation is complete, rather than when the customer requested or was sold service; and
- whether the service extension interval for customers requesting service to a location previously served would be provided for each customer or as an average.

The Department will provide a final recommendation after reviewing GMG's reply comments.

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## 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. G022/M-15-1090**

**Dated this 1<sup>st</sup> day of February 2016**

**/s/Sharon Ferguson**

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