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June 29, 2012

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. G004/M-12-442

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* (Report) submitted by Great Plains Natural Gas Company, a Division of MDU Resources Group, Inc. (Great Plains or Company).

The 2011 *Annual Service Quality Reports* were filed on May 1, 2012 by:

Tamie Aberle
Regulatory Affairs Manager
Great Plains Natural Gas Company
P.O. Box 176
Fergus Falls, Minnesota 56538-0176

The Department recommends that the Commission accept the Company's Report pending Great Plains' response to various inquiries in *Reply Comments*. This requested information is detailed in the body of the Department's *Comments*.

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

Sincerely,

/s/ ADAM JOHN HEINEN
Rates Analyst

AJH/sm
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. G004/M-12-442

I. BACKGROUND

On April 16, 2009, the Minnesota Public Utilities Commission (Commission) opened an investigation into natural gas service quality standards and requested comments from the Minnesota Department of Commerce, Division of Energy Resources¹ (Department) and all Minnesota regulated gas utilities in Docket No. G999/CI-09-409 (09-409 Docket). Various rounds of comments and discussion occurred in the 09-409 Docket and the issues came before the Commission on August 5, 2010. During the August 5, 2010 *Commission Meeting*, Great Plains Natural Gas Company (Great Plains or Company) argued that, given its size relative to large Minnesota gas utilities, the Company's reporting requirements should be modified from those required of other gas utilities.

In an August 31, 2010 *Compliance Filing*, Great Plains provided additional information attempting to support its position that its size required different reporting requirements.

In its January 18, 2011 *Order—Setting Reporting Requirements* in the 09-409 Docket (*09-409 Order*), the Commission did not agree with the Company's argument that it was a small utility and required that Great Plains provide service quality information in generally the same manner as other Minnesota gas utilities.

On May 2, 2011, Great Plains filed its calendar year 2010 *Annual Service Quality Report* in Docket No. G004/M-11-363.

The Company filed its *2011 Annual Service Quality Report (Report)* in the instant docket on May 1, 2012.

¹ At the time when the Commission opened this investigation, the Department was referred to as the Minnesota Office of Energy Security, or OES.

The Department notes that Ordering Point 11 of the Commission's Order in Docket No. G004/M-11-363, *et. al.* states:

The parties shall convene a workgroup to work on improving consistency in reporting and to address the issues described herein.

This work group met on June 22, 2012. The output of that workgroup will be incorporated in the utilities' annual service quality reports to be filed May 1, 2013.

The Department provides its analysis of Great Plains' Report below.

II. THE DEPARTMENT'S ANALYSIS

In its *09-409 Order*, the Commission allowed Great Plains to delay providing certain information regarding various service quality metrics until January 1, 2011. As such, this Report marks the first full calendar year for which the Company has provided data for all of the Commission's service quality reporting metrics. Great Plains did provide data for certain reporting requirements in its previous service quality report; for those metrics, a limited year-to-year comparison can be made. The Department discusses each reporting requirement separately below.

A. CALL CENTER RESPONSE TIME

The Commission's *09-409 Order* required each utility to provide in its annual service quality report call center response time in terms of the percentage of calls answered within 20 seconds. The Department notes that Minnesota Rules, part 7826.1200 requires Minnesota's electric utilities to answer 80 percent of calls made to the business office during regular business hours within 20 seconds. In its Report, Great Plains provided the required information by month for 2011. The Department notes that this is the first annual service quality report where the Company provided these data. On an annual basis, Great Plains was able to answer, on average, 88 percent of its calls within 20 seconds, which is well within the Commission's prescribed reporting metric. Further, the Company was able to meet, or exceed, the Commission's prescribed reporting metric during each month in 2011. The Department congratulates Great Plains for its level of service regarding this reporting metric during 2011 and hopes that the Company will continue to achieve this level of performance going forward.

Great Plains also included information regarding the average speed that calls were answered and the number of calls received during 2011. In terms of the number of calls, Great Plains reported a total of 26,109 calls in 2011, and, on a monthly basis, the Department did not observe any significant variations in call volume. The Company reported an average response time, on an annual basis, of 33 seconds. It is important to note that these data also include gas emergency calls, which are discussed separately below. It is unclear what, if any, impact the inclusion of these calls may have had on Great Plains' call center response data.

Since this is the first year that the Company has reported these data, the Department is unable to determine whether the reported data is indicative of standard performance for Great Plains. The Department will continue to monitor these data in future annual service quality reports and will make any necessary recommendations or conclusions when sufficient data are available.

B. METER READING PERFORMANCE

In its *09-409 Order*, the Commission required each utility to report meter reading performance data in the same manner as prescribed in Minnesota Rule 7826.1400. This Report marks the first year that Great Plains has reported these data.

Based on the Company's data, the vast majority of Great Plains' customers (over 99.9 percent) have their meters read by the Company. Great Plains also provided data on the number of meters that have not been read for 6-12 months and those meters that have not been read in over 12 months. For calendar year 2011, Great Plains reported no meters that had not been read in over 6 months. The Department appreciates the Company's performance on this metric and hopes that it can continue to read all of its meters in a timely manner.

While reviewing the Company's meter reading data, the Department did observe data regarding staffing levels that require some clarification. Specifically, Great Plains reports an average of 5 meter reading employees for its North District and only 2 for its South District. The number of customers served by Great Plains for each district are fairly equal; therefore, the Department recommends that the Company fully explain, in its *Reply Comments*, why the number of meter reading employees are different between the North and South districts.

Since this is the first year that the Company has reported these data, the Department is unable to determine whether the reported data is indicative of standard performance for Great Plains. The Department will continue to monitor these data in future annual service quality reports and will make any necessary recommendations or conclusions when sufficient data are available.

C. INVOLUNTARY SERVICE DISCONNECTIONS

Great Plains provided, as part of its Report, its 2011 monthly reports as submitted pursuant to Minnesota Statutes §§ 216B.091 and 216B.096. This is the second year that the Company has provided these data in its service quality reports. Great Plains reported a total of 1,293 customers whose service was disconnected during 2011. The majority of these disconnections occurred during the spring and summer months, which is expected given Minnesota's Cold Weather Rule (CWR) that is in place between October 15 and April 15. While reviewing the monthly CWR Reports, the Department noticed that the number of past due residential accounts appear relatively high on a month-to-month basis. Specifically, approximately 8,000 residential accounts were past due each month compared to roughly 18,000 total residential customers. This proportion appears large; as such, the Department recommends that Great Plains fully explain, in its *Reply Comments*, whether the amount of past due residential accounts in 2011 are representative of general operating conditions and what steps the Company is taking to decrease the number of past due residential accounts.

D. SERVICE EXTENSION REQUEST RESPONSE TIMES

In its *09-409 Order*, the Commission required that each utility provide in its annual report service extension request information in the same manner as described in Minnesota Rule 7826.1600, items A and B, except for information already provided in Minnesota Statutes §§ 216B.091 and 216B.096, subd. 11. The Company provided, as an attachment to its Report, the service extension request data per Minnesota Rules. The Department notes that this is the first annual service quality report where Great Plains has provided these data.

The Company provided two sets of data in its Report, the first dealt with service extensions to new meters, and the second dealt with service extensions to existing meters. In terms of the first group of data, Great Plains had a total of 107 residential new service extension requests and 32 commercial new service extension requests. On average, it took Great Plains 29 days to extend service to these residential customers and 23 days to extend service to these commercial customers. Great Plains explained that the number of days represents the time from receipt of the service line application to the date the meter was installed. The Company further stated that the time between a requested meter install date and the date the meter was installed is currently unavailable, but Great Plains is investigating means to collect this information. In its review of other utility service extension request data, the Department has observed that the length of time to extend new service may appear long because the requested service date may occur before the structure is ready to receive natural gas service. This appears to be the case for Great Plains; therefore the Department requests that Great Plains clarify, in its *Reply Comments*, whether delays caused by factors outside of the Company's control are incorporated into the reported average time needed for new service extension requests.

In terms of the second set of data, the Company had a total of 1,857 service extension requests to existing meters. The average number of days to complete these requests was one day. The Company explained in its Report that these data include locations that had been disconnected for non-payment; as such, these requests do not represent only "new" customers. Finally, Great Plains stated that these data are not available at a customer-class level. The Department notes that Great Plains is required to report service extension request data by customer class. Therefore, the Department recommends that the Commission require the Company to provide service extension request data by customer class in future service quality report filings.

Since this is the first year that the Company has reported these data, the Department is unable to determine whether the reported data is indicative of standard performance for Great Plains. The Department will continue to monitor these data in future annual service quality reports and will make any necessary recommendations or conclusions when sufficient data are available.

E. CUSTOMER DEPOSITS

The Commission required each gas utility to provide in its annual service quality report data on the number of customers required to make a deposit as a provision of receiving service. This is the first service quality report that Great Plains has provided these data. The Company did not require a deposit as a condition of service for any customers during 2011.

F. CUSTOMER COMPLAINTS

The Commission's *09-409 Order* requires Minnesota gas utilities to provide customer complaint data in the same manner as prescribed in Minnesota Rule 7826.2000. The Company provided, as an attachment to its Report, these customer complaint data per Minnesota Rules. The Department notes that this is the first year that the Company has provided these data in its service quality reports.

In terms of total complaints, Great Plains reported 7 during calendar year 2011. This is a very small number of complaints and the Department commends the Company for the low number of complaints. However, the Department is somewhat concerned by the small number since other Minnesota gas utilities generally report significantly greater numbers of complaints. Great Plains stated in its filing that it only reported complaints that were escalated to a supervisor for response, which may account for the small number of complaints reported in 2011. Given this, the Department requests that Great Plains clarify and explain, in its *Reply Comments*, how it determines and classifies complaints and whether the information provided represents all complaints reported to the Company during 2011.

In addition, Great Plains included a sub-category of complaints labeled "Inadequate Service." This is a vague description; therefore, the Department recommends that the Company fully explain, in its *Reply Comments*, what kind of complaints would be classified as "Inadequate Service."

The Company also provided data on the amount of time needed to resolve complaints and whether they were forwarded from another party, such as the Commission's Consumer Affairs Office (CAO). Great Plains reported that one complaint during 2011 was received from the CAO. Of the 7 complaints reported by Great Plains, 6 of the complaints were resolved immediately while the other complaint was resolved within 10 days. The Department commends Great Plains for its efforts resolving complaints and hopes that it can meet, or exceed, this performance in the future.

Since this is the first year that the Company has reported these data, the Department is unable to determine whether the reported data is indicative of standard performance for Great Plains. The Department will continue to monitor these data in future annual service quality reports and will make any necessary recommendations or conclusions when sufficient data are available.

G. GAS EMERGENCY RESPONSE

In its *09-409 Order*, the Commission required that Minnesota regulated natural gas utilities collect and provide data regarding gas emergency response times, including a percentage breakdown of the number of calls responded to in less than an hour and the percent of calls responded to in more than an hour. In its January 18, 2011 *Order* in Docket 09-409, the Commission required Great Plains to report information in a manner similar to that required for Minnesota Energy Resources Corporation and CenterPoint Energy and also provide copies of its Minnesota Office of Pipeline Safety (MnOPS) summary forms. Great Plains provided these data

in an attachment to its Report. This is the first service quality report where the Company has provided these data, and MnOPS reports, on a monthly basis.

For 2011, Great Plains reported 506 total gas emergencies, which is a decrease of 76 over the 582 emergencies reported in 2010. In terms of response time, the Company was able to respond to all but 8, or 1.6 percent, in less than one hour. This represents an improvement of 14 over the 22 emergencies that took more than an hour for response in 2010. The Department acknowledges the improvement in response time between 2010 and 2011 and encourages the Company to continue improving its response time in the future.

In terms of monthly data, the Department did not observe any months, or specific incidences, with unusually long response times. The Department notes that May and June had average response times greater than 20 minutes. These months are not noticeably different than the average annual response time of 17 minutes, but the Department encourages Great Plains to get all monthly average response times below 20 minutes.

H. MISLOCATES

The Commission's *09-409 Order*, requires Minnesota gas utilities to provide data on mislocates, including the number of times a line is damaged due to a mismarked line or failure to mark a line. In its January 18, 2011 *Order* in Docket 09-409, the Commission required that Great Plains provide data on mislocates in the Company's annual service quality report. Great Plains reported a total of 6 mislocates in 2011 out of a total of 7,676 locate tickets. Of the 6 mislocate events, 1 was related to an unmarked line and 5 were related to mis-marked lines. The number of mislocates in 2011 is an increase of 5 over the 1 mislocate that was reported by the Company in 2010. Although there was an increase in the number of mislocates between 2010 and 2011, the numbers are relatively small. The Department will continue to monitor this metric in future annual service reports and provide additional commentary if needed.

I. DAMAGED GAS LINES

The Commission's *09-409 Order* requires Minnesota regulated natural gas utilities to provide data on damaged gas lines, including the number of lines damaged by Company employees or contractors, the total number of other damage events, and the number of events that were unplanned in nature. The Commission's January 18, 2011 *Order* in Docket 09-409 requires Great Plains to provide data on damaged gas lines in a manner similar to that provided by other utilities. The Department notes that this is the first service quality report where Great Plains has provided data in the manner prescribed by the Commission. Great Plains provided information regarding the total number of damage events in its previous service quality report, but did not classify each by cause.

During the 2011 reporting period, Great Plains experienced 30 instances where its gas lines were damaged, which is an increase of 14 over the 16 incidences reported in 2010. Of the 30 damage events, only 2 were caused by Great Plains or its contractors and 28 were caused by other events. The Company also provided detailed MnOPS reporting documents detailing why the events happened and what type of pipes were involved (*i.e.*, transmission, distribution). In terms of

pipeline type, damage on the Great Plains system was restricted to its distribution network during 2011. The majority of damage incidences (22) were related to two categories: inadequate or incorrect one-call marking (18) or failure to support and protect facility (10). The marking and locating reason is self-explanatory; however, the Department is unclear what “failure to support and protect facility” means. As such, the Department requests that Great Plains provide, in its *Reply Comments*, a definition of “failure to support and protect facility.” The increase in damage events between 2010 and 2011 is somewhat concerning; however, given the lack of historical data on this topic, it is still unclear if 30 events are atypical for Great Plains’ system. The Department will continue to monitor this metric in future service quality reports and recommends that the Company seek to minimize the number of damage events in the future.

J. SERVICE INTERRUPTIONS

In its *09-409 Order*, the Commission required that Minnesota regulated natural gas utilities collect data regarding service interruptions. The utilities are required to separate these data into categories based on whether the event was caused by utility employees, utility contractors, or some other unplanned causes. In its January 18, 2011 *Order* in Docket 09-409, the Commission required Great Plains to provide detailed information regarding service interruptions on the Company’s system.

For 2011, Great Plains reported 25 service interruptions, of which 22 were caused by Great Plains or its contractors and 3 were caused by other unplanned causes. In its previous report, Great Plains noted that no interruptions occurred in 2010. Great Plains stated in its Report that it previously only reported gas service interruptions that were immediately reportable to MnOPS. Based on this increase in outages, the Department requests that the Company fully explain, in its *Reply Comments*, what circumstances led to the increase in outages between 2010 and 2011 and whether the data reported in 2010 is analogous to what was reported for 2011.

The Department also reviewed the monthly data provided by Great Plains. The Department did not observe any significant mass outages in the monthly data, but did, however, observe three months where the average duration of an outage was in excess of 200 minutes (*i.e.*, 3 hours and 20 minutes). The Department requests that Great Plains fully explain, in its *Reply Comments*, what events contributed to each of these long outages. Further, while reviewing the monthly average duration for the whole system, the Department observed that the calculation is simply the addition of average outage time for residential and commercial. This calculation appears to be made in error; therefore, the Department requests that the Company provide an updated average in its *Reply Comments*.

K. EMERGENCY LINE RESPONSE TIME

In its January 18, 2011 *Order* in Docket 09-409, the Commission required Great Plains to provide information regarding its emergency line response time. In addition, the Commission required that Great Plains provide an explanation detailing the Company’s expectations for answer times and the procedures employees follow for handling emergency calls. In terms of data collection, Great Plains stated that its intention, starting in February 2011, was to begin tracking the percentage of calls answered within 20 seconds. The Company was able to report

data for the whole of 2011 as the percentage of calls answered within 20 seconds. This marks the first year that the Company has been able to report these data in this manner. Great Plains had previously provided emergency line response data as the percentage of calls answered within 30 seconds. The Company also provided information regarding the average answer speed and the total number of calls received by the emergency line.

On an annual basis, Great Plains was able to answer 79.97 percent of its emergency line calls within 20 seconds, which is slightly below the prescribed 80 percent in 20 seconds standard for electric utilities. Great Plains was able to meet the reporting standard in 6 of the 12 months during 2011. In the months where Great Plains was unable to meet the reporting standard, it reported the following performance levels: April (79.10 percent), May (76.11 percent), June (76.14 percent), July (77.39 percent), September (69.33 percent), and November (79.89 percent). Based on the information in this Report, it would appear that Great Plains had the most difficulty meeting the reporting requirements during the summer and shoulder months. Although heating load is not significant during these months, the Department is concerned that the Company has missed these metrics since the majority of general construction work occurs during the non-heating season months; as such, the threat of gas emergencies may increase. The Department requests that Great Plains fully explain, in its *Reply Comments*, what steps it is taking to meet the prescribed emergency line reporting requirements on a going-forward basis. In addition, the Department requests that Great Plains fully explain, in its *Reply Comments*, what circumstances led to the poor reporting performance in September 2011.

In terms of average speed of answer, Great Plains reported an annual average of 15 seconds per call. On a monthly basis, the Company did not report a month with average response times in excess of 20 seconds. The Department is encouraged by this performance and hopes that the Company can maintain, or improve, its performance in future service quality reports. In terms of emergency calls, the Company reported 1,683 in calendar year 2011. Since this is the first year that these data has been provided, the Department will continue to monitor this metric in future reports for any patterns or changes.

L. OPERATIONS AND MAINTENANCE (O&M) EXPENSES

In its *09-409 Order*, the Commission also required Great Plains to report operation and maintenance expenses related to customer service in the Federal Energy Regulatory Commission (FERC) 901 and 903 accounts. The Company provides these data in an attachment to its Report.

In 2011, Great Plains reported total service quality related O&M expenses of \$349,451, which represents a decrease of \$17,745 over the \$367,196 reported in 2010. On an average basis, the Company's 2011 expenses translates into approximately \$29,121 of O&M expenses per month. The Department did not observe any significant shifts in costs between months and notes that the change in expenses between 2010 and 2011 is not large. As such, the Department does not have additional comments on this topic at this time, but will continue to monitor this metric in future service quality reports.

III. SUMMARY AND CONCLUSIONS

Based on its review of Great Plains' 2011 Annual Service Quality Report, the Department recommends that the Commission accept the Company's Report pending Great Plains' response to various inquiries in *Reply Comments*. The Department recommends that the Commission require Great Plains to provide service extension request data by customer class in future service quality report filings. The Department also requests that the Company provide the following in its *Reply Comments*:

- a full explanation of why the number of meter reading employees are different between the North and South districts;
- a full explanation of whether the amount of past due residential accounts in 2011 are representative of general operating conditions and what steps the Company is taking to decrease the number of past due residential accounts.;
- clarification of whether delays caused by factors outside of the Company's control are incorporated in the reported average time needed for new service extension requests;
- a full explanation and clarification of how Great Plains determines and classified complaints and whether the information provided represents all complaints reported to the Company during 2011;
- a full explanation of what kind of complaints would be classified as "Inadequate Service;"
- a definition of "failure to support and protect facility;"
- a full explanation of what circumstances led to the increase in outages between 2010 and 2011 and whether the data reported in 2010 is analogous to what was reported for 2011;
- a full explanation of what events contributed to each long duration outage during 2011;
- an updated average outage time incorporating both Residential and Commercial customers;
- a full explanation of what steps the Company is taking to meet the prescribed emergency line reporting requirements on a going-forward basis; and
- a full explanation of what circumstances led to the poor emergency response line reporting performance in September 2011.

/sm

CERTIFICATE OF SERVICE

I, Jan Mottaz, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, 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.

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

Docket Nos G004/M-12-442

Dated this **29th day of June 2012**

/s/Jan Mottaz

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