

June 22, 2017

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 Nos. G022/M-16-383 and G022/M-17-336

Dear Mr. Wolf:

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

2015 Annual Gas Service Quality Report and 2016 Annual Gas Service Quality Report (Reports) submitted by Greater Minnesota Gas, Inc. (Greater Minnesota or the Company).

The *2015 Annual Gas Service Quality Report* was filed on May 2, 2015 and the *2016 Annual Gas Service Quality Report* was filed on May 1, 2017 by:

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

Based on its review of Greater Minnesota's *2015 Annual Gas Service Quality Report* and *2016 Annual Gas Service Quality Report*, the Department recommends that Greater Minnesota provide additional information in its *Reply Comments*. The Department expects to provide additional comments after reviewing that information.

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

Sincerely,

/s/ ADAM J. HEINEN
Rates Analyst
651-539-1825

AJH/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket Nos. G022/M-16-383 and G022/M-17-336

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, Greater Minnesota Gas, Inc. (Greater Minnesota, GMG, or the Company) argued that, due to its size relative to Minnesota's larger regulated gas utilities, certain reporting requirements should be modified. In its January 18, 2011 *Order—Setting Reporting Requirements (09-409 Order)*, the Commission determined that Greater Minnesota must provide service quality information in generally the same manner as other Minnesota gas utilities, except as modified by the Commission's 09-409 *Order*.

On April 25, 2011, Greater Minnesota filed its calendar year 2010 *Annual Service Quality Report*. In its March 6, 2012 *Order—Accepting Reports and Setting Reporting Requirements (March 6 Order)* in Docket No. G022/M-11-356 *et al.*, the Commission supplemented the reporting requirements set out in its 09-409 *Order* and directed the Minnesota natural gas utilities to convene a workgroup to improve reporting consistency and address other issues. The workgroup met on June 22, 2012 and developed more uniform reporting requirements; GMG did not attend the workgroup meeting.

Subsequently, the Company has filed the following annual service quality reports:

Calendar Year Covered by Report	Date Filed
2011	October 11, 2012
2012	May 1, 2013
2013	November 13, 2014
2014	May 7, 2015

In its July 22, 2015 *Comments* in the 2014 annual service quality report, the Department noted that the Commission's 09-409 *Order* explicitly stated that the annual service quality reports shall be filed on May 1 of each year. Greater Minnesota complied with this ordering point in both the 2015 and 2016 annual service quality reports.¹

In its *Comments* in Docket No. G022/M-15-434, the Department raised concerns with parts of Greater Minnesota's 2014 annual service quality report. Specifically, the Department noted significant concerns regarding the Company's data collection and retention as it related to its monthly Cold Weather Rule (CWR) reports and their incorporation into the annual service quality report. These concerns resulted in the Department recommending that the Commission require Greater Minnesota to undertake an independent audit of its data collection practices and procedures in place for regulatory compliance.

On May 17, 2016, the Commission approved a 1-year extension to the comment deadline for the 2015 annual service quality report (2015 Report) in response to a Department request citing workload issues. The Department's request stated that it would analyze the 2015 Report concurrent to the 2016 annual service quality report (2016 Report) to be filed on May 1, 2017. An additional extension (to June 15, 2017) was granted on May 30, 2017.

The Department reviewed the Company's 2015 Report and 2016 Report (referred to jointly as the Reports where applicable) for compliance with Commission Orders and to identify potential issues. The Department provides its analysis below.

II. THE DEPARTMENT'S ANALYSIS

Per the Commission's 09-409 *Order*, Greater Minnesota was not required to track information for certain reporting requirements until January 1, 2011, which means that these Reports mark the fifth and sixth time that Greater Minnesota has provided information for the following reporting requirements: Telephone Response Time, Meter Reading Performance, Service Extension Request Time,² Customer Deposits, Customer Complaints, Gas Emergency Information, Minnesota Office of Pipeline Safety (MnOPS) damage reports, Service Interruptions, Gas Emergency Response Time, and Customer Service Expenditures related to FERC Accounts 901 and 903. These Reports contain the sixth and seventh year of data for the remaining metrics: Service Disconnections and System Damage.

¹ May 1, 2016 was a Sunday and the Company filed its 2015 annual service quality report on May 2, 2016; as such, Greater Minnesota complied with the 09-409 *Order*.

² In its April 8, 2016 *Order* in Docket No. G022/M-15-1090, the Commission approved new Service Extension Request Time reporting requirements beginning with the 2016 annual service quality report.

The Department discusses, separately, each reporting requirement below.

A. *CALL CENTER RESPONSE TIME*

The Commission 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, on an annual average, 80 percent of calls made to the business office during regular business hours within 20 seconds.

For Greater Minnesota, the Commission's 09-409 *Order* requires the following regarding telephone response time:

GMG shall track and report the total number of phone calls received during each annual reporting period and report on the number of times the phone rings before calls are answered. GMG shall begin tracking this data on January 1, 2011 and begin including data for this requirement in its second annual report.

The Company explained in its filing that all calls are answered live within three rings; however, if the Company does not answer within three rings, the call is automatically forwarded to an after-hours answering service. The Company's call response information is summarized in Table 1 below.

Table 1: Call Response Data (2011-2016)

Year	Number of Calls Received	Percentage Change in Calls
2011	5,887	n/a
2012	9,107	54.70%
2013	12,876	41.39%
2014	13,399	4.06%
2015	11,308	(15.61)%
2016	10,812	(4.39)%

In its 2015 Report, Greater Minnesota explained that the decrease in calls relative to 2014 was likely the result of improvements to the Company's website including a customer portal with an online bill pay option. In addition, Greater Minnesota streamlined its rental property and tenant process which resulted in a decrease in customer calls. Greater Minnesota further surmised in its 2016 Report that continued decreases in the number of phone calls in 2016 was related to increased use of the Company's online resources. The Company clarified in its filings that these call numbers relate to all calls made to the general business line, which may include calls regarding Greater Minnesota Transmission (a pipeline affiliate), Greater Minnesota

Synergy (utility holding company), or other general business inquiries that may not be related to Greater Minnesota operations.

Based on the Company’s information, the Department concludes that it is likely that calls to the Company are answered promptly.

B. METER READING PERFORMANCE

In its 09-409 *Order*, the Commission required GMG to report meter reading performance data in the same manner as prescribed in Minnesota Rule 7826.1400. The Company provided, in its Reports, the meter reading performance data per Minnesota Rules.

The Company’s meter reading data over the four years that it has collected these data are summarized in Table 2 below.

Table 2: Meter Reading Data (2011-2016)

Year	Total Meters Billed	Company Read	% Company Read	Self-Read	% Self-Read	Estimated	% Estimated
2011	48,174	47,403	98.40%	145	0.30%	626	1.3%
2012	54,169	42,733	79.00%	60	0.10%	11,376	21.0%
2013	62,868	56,623	90.00%	336	0.50%	5,909	9.5%
2014	66,284	64,357	97.00%	372	0.50%	1,555	2.5%
2015	80,580	79,570	98.75%	135	0.17%	1,010	1.25%
2016	84,371	83,784	99.30%	133	0.16%	458	0.54%

As noted in Table 2, of the approximately 1.5 percent of meters not read by the Company in 2015 and approximately 0.70 percent in 2016, the vast majority (1,010 out of 1,145) and (458 out of 591), respectively, were estimated meters. Greater Minnesota explained that these estimated meters were generally for residential customers during low-usage months, and for some customers during the winter months because of severe weather. Greater Minnesota also explained that it used estimated readings in 2015 at the request of certain turkey operations because of the bird flu outbreak. The Company indicated that it notified customers if their bill was estimated.

Greater Minnesota noted in its Reports that it began deployment of automated meter reading (AMR) devices in late 2014 and that it substantially increased deployment in 2015 and continued deployment in 2016. The Company stated that deployment of these devices substantially contributed to the reduction in estimated meters and the information in Table 2 bears out this conclusion. The Department is encouraged by the Company’s significant decrease in the number of estimated bills since 2012, and the Department hopes that Greater Minnesota is able to continue its progress in reducing estimated bills.

Greater Minnesota reported no unread meters for more than six months in either calendar year 2015 or 2016. Meter reading staffing remained constant in 2015 relative to 2014 and increased by two between 2015 and 2016. The increase in 2016 involved the addition of one full-time employee in Otter Tail and Becker Counties and moving a part-time employee to full-time status in the Le Sueur geographic area.

C. INVOLUNTARY SERVICE DISCONNECTION

The Commission’s 09-409 *Order* requires Greater Minnesota to provide involuntary service disconnection data in the same manner that it reports these data under Minnesota Statutes §§ 216B.091 and 216B.096 in Docket No. E,G999/PR-14-02, which relate to the Cold Weather Rule (CWR). Table 3 shows GMG’s number of disconnections over the past seven years as reported in its service quality dockets.

Table 3: Involuntary Disconnections (2010-2016)

2010	35
2011	17
2012	54
2013	63
2014	125
2015	122
2016	69

Involuntary disconnections remained relatively constant between 2014 and 2015 and decreased significantly between 2015 and 2016. The Company did not provide an explanation as to the decrease in involuntary disconnections between 2015 and 2016 but it did provide an explanation for the increase in involuntary disconnections in its 2014 annual service quality report. In the 2014 annual service quality report, the Company explained that it added an administrative employee in 2014 who focused on reducing Greater Minnesota’s accounts receivable and delinquent account balances. This focus resulted in the increase in involuntary disconnections, but the Company clarified that these efforts were targeted to non-heating season months and that all efforts complied with the CWR requirements.

Given the comparability in data between the 2014 and 2015 reports, it appears that Greater Minnesota continued its delinquent payment focus. The Department reviewed Greater Minnesota’s monthly CWR reports for 2015 and 2016 and confirms that disconnections appear to have happened during the non-heating season months. The Department does, however, recommend that Greater Minnesota fully explain in *Reply Comments* why disconnections decreased in 2016 and whether the Company continued the delinquent accounts process begun in 2014.

As noted above, the involuntary disconnection data are taken from the monthly CWR filings. The Department observed significant inconsistencies and issues with Greater Minnesota's CWR data in the 2014 annual service quality report. In particular, the Department observed inconsistencies between data provided in the CWR reports and reported by the Company in its 2014 service quality report. The Department also observed general areas of concern in the data reported in the CWR report. In response, Greater Minnesota explained that the data issues arose from reporting errors that occurred while an outgoing employee was training a new employee. The Company subsequently attempted to reconstruct these data with input from the Commission's Consumer Affairs Office (CAO).

Finally, the Department also observed that the majority of the 2014 monthly CWR reports were late filed. These accuracy and promptness issues ultimately lead the Department to recommend that the Commission require Greater Minnesota to commission an independent audit of its data collection, maintenance, and retrieval processes and practices related to regulatory reporting to ensure that the Company's records are sufficient and are not likely to materially compromise the integrity or timing of the Company's regulatory filings. Greater Minnesota responded in *Reply Comments* that an independent, outside audit was unnecessary, and the Company was unclear what value the audit would provide given Greater Minnesota's size. The Company recommended that staff from the Department and the Commission visit Greater Minnesota's offices to see how it operates and also to consider the process that MnOPS uses to review the Company's records.

The Department reviewed the CWR data filed in calendar years 2015 and 2016 and compared it to the information provided by Greater Minnesota in the annual service quality reports. Based on its review of the Company's CWR reports, it appears that Greater Minnesota has corrected the data issues identified by the Department in the 2014 annual service quality report. The Department was able to reconcile the information contained in the service quality reports and the monthly CWR reports. As such, the Department is satisfied that the involuntary disconnection information in the 2015 and 2016 Reports is acceptable. As noted in its July 22, 2015 *Comments* in the 2014 service quality report, the Department stated that older data may not be comparable given the data concerns identified in that docket. These comparability issues still exist, so caution should be used when comparing older involuntary disconnection information with the post-2014 data.

The Department also reviewed the monthly CWR reports for 2015 and 2016 to determine whether they were filed in a timely manner. The Department observed that the June, July, and August CWR reports were late filed in 2015. It is important to note that these late-filed reports generally occurred prior to the Department's July 22, 2015 *Comments* in the 2014 annual service quality report where the Department noted late filing of monthly CWR reports.

Subsequent to these July 22, 2015 *Comments*, Greater Minnesota has filed its CWR reports in a timely manner.

Based on its review, the Department concludes that Greater Minnesota's involuntary disconnection data in these Reports are acceptable.

D. SERVICE EXTENSION REQUEST RESPONSE TIME

The reporting method for service extension request response time has been a topic of great discussion in past Greater Minnesota annual service quality reports. Based on the *09-409 Order*, Greater Minnesota is required to report service extension request response time data contained in Minn. Rules, part 7826.1600, items A and B, except for service connections related to Minn. Stat. §§ 216B.091 and 216B.096, subd. 11 (involuntary service disconnections). Minn. Rules, part 7826.1600, items A and B requires the following:

- 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.

In the 2013 annual report, the Department raised concerns regarding the Company's service extension data. Specifically, the Department noted that Greater Minnesota did not provide a breakdown of service extension times between existing and new areas as prescribed by Minnesota Rules and Commission Order, and the Department requested that the Company provide these data.³ The Company subsequently noted that it added 229 customers as a result of new main installations and it installed service to 176 customers that were on-main customers that did not previously have natural gas service in 2013. In its 2014 annual report, Greater Minnesota stated that it added approximately 550 new meters in 2014, but it did not provide a breakdown by new main installations and extensions off existing mains as it had in its *Reply Comments* in the 2013 annual service quality report, nor did the Company provide an exact number of total meter additions.

³ See Greater Minnesota 2014 Annual Service Quality Report, Docket No. G022/M-15-434, page 5.

In both the 2013 and 2014 service quality reports, Greater Minnesota expressed concern that the service extension reporting requirement may not be the best means of determining whether service is being extended to customers in a timely manner. In its August 31, 2015 *Order* in Docket No. G022/M-14-964, the Commission allowed Greater Minnesota to propose a new metric for service extension response time and required that the Company file a proposal within 120 days of the date of the *Order*. On December 31, 2015, Greater Minnesota filed its proposal in Docket No. G022/M-15-1090. Greater Minnesota and the Department exchanged written comments regarding the Company's proposal and the Commission ultimately approved a new service extension reporting requirement in its April 6, 2016 *Order* in Docket No. G022/M-15-1090. The *Order* required the Company to begin reporting its new service extension data beginning with the 2016 annual service quality report. Since there are different service extension reporting requirements between the two reports, the Department analyzes the two years separately below.

1. *2015 Service Extensions*

The 2015 Report represents the last service quality report where the Company provided service extension data in a manner similar to prior reports. As part of its discussion, Greater Minnesota provided a trade secret table detailing its various service extension projects for calendar year 2015 and their statuses at the end of the year. Greater Minnesota stated that it added 969 new meters in 2015. Of those customer additions, 832 were added because of new main installations and 137 additions were located on-main but did not previously have service. The customer additions in 2015 were significantly higher than the 405 customer additions in 2013 and 550 customers in 2014.

2. *2016 Service Extensions*

Per the Commission's April 6, 2016 *Order* in Docket No. G022/M-15-1090, the Company's 2016 service quality docket represents the first year that it reports updated service extension data. Greater Minnesota is required to provide information on extensions to new service areas, the addition of new customers on existing mains, and a discussion on requests for changes in service to areas already served by the Company (*e.g.*, transfer of ownership of property). In addition to the service extension data, the Commission also required that Greater Minnesota provide copies of advertisements to potential new customers, the date that deposits were first taken for a new service area, and an explanation of why customers along existing mains were denied service. The Department reviewed the service extension data provided by Greater Minnesota and it appears to conform to the requirements ordered by the Commission.

The Company extended service to three new geographic areas in 2016. Greater Minnesota noted that it reduced the projected customer additions to the Pelican Lake area by 270 because of a delay in a county road project. The Company also stated that the project has been delayed by a year; therefore, it is possible that customers may be added during calendar year 2017.

Table 4: New Main Extension Projects 2016

Area Served	Estimated Number of Residential Customers	Actual Number of Residential Customers Served	Estimated Number of Firm Commercial Customers	Actual Number of Firm Commercial Customers Served	Estimated Number of Interruptible Commercial Customers	Actual Number of Interruptible Commercial Customers Served
Flensburg	42	40	6	5	0	0
Pelican Lake	310	304	12	5	0	0
Hope	52	30	9	18	3	3
Total	404	374	27	28	3	3

The Company’s customer growth in 2016 was slightly below expectations. Lower customer additions associated with the Hope extension project was the primary reason for below-forecasted customer growth. Overall, the difference between estimated customer additions and actual customer additions are not significant; as such, the Department does not have additional comment on this topic.

Greater Minnesota also provided monthly data for on-main customer additions, which are areas where the Company has already extended service. Simply put, these customers had access to Greater Minnesota service but had not previously requested service. The Department provides a summary of annual service extensions for these customers below.

Table 5: 2016 On-Main Customers Added

Residential Service Requests	Average Number of Days to Install	Firm Commercial Service Requests	Average Number of Days to Install	Interruptible Commercial Service Requests	Average Number of Days to Install	Denied Service Requests
276	27	7	23	2	26	0

In 2016, the Company added 285 on-main customers and extended service to all customers who requested service. In general, across customer classes, the average length of time required to extend service was similar. On a monthly basis, the service extension times for the Residential rate class were longer (*e.g.*, over 50 days) in March and April. The length of time required for these extensions appear long but may be related to the requests being made early in the construction season. The Department recommends that the Company fully explain these

longer service extension times in *Reply Comments*. Overall, the on-main service extension data for 2016 appears acceptable; however, this is the first year that data were provided in this format so it is premature to provide any substantive conclusions at this time. The Department looks forward to reviewing these data in future reports.

Greater Minnesota also represented that there were no issues or delays related to the transfer of service between customers (*e.g.*, new ownership of a house). The Company stated that it does not lock or stop service for an ownership transfer unless there is a foreclosure at a previously served location. Given the lack of customer complaints, as discussed below, the Department concludes that the Company has reasonably dealt with service requests in this instance.

As noted above, the Commission’s *Order* in Docket No. G022/M-15-1090 also required Greater Minnesota to provide copies of all advertisements and solicitations provided to potential new customers in a new geographical area, date at which deposits were first accepted for a new geographic area, and an explanation of the reasons why customers were denied services when requested. The Department reviewed the Company’s 2016 Report and it included its advertisements and solicitations in attachments to the initial filing. As shown on page 5 of its initial filing, Greater Minnesota did not deny service to any customer requesting service during 2016. The Company also provided the dates where it first received activation fees for its individual expansion projects on page 5 of its initial petition. The Company complied with the Commission’s *Order* in Docket No. G022/M-15-1090.

C. CUSTOMER DEPOSITS

These Reports mark the fifth and sixth time that the Company has provided data regarding customer deposits.

Table 6: Customer Deposits (2010-2016)

Year	Number of Deposits	Average Residential Customer*
2011	0	3,622
2012	3	4,075
2013	6	4,432
2014	13	4,918
2015	10	5,396
2016	4	6,289

*Source: Annual Gas Jurisdictional Report, reports filed each May 1.

While reviewing the Residential customer count data in Table 6, the Department observed minor inconsistencies between the Annual Jurisdictional Report and Regional Energy Information System (REIS) data. Based on conversations with a representative from the Company, it appears that the difference relates to double counting of some customers in the REIS data. Greater Minnesota stated that it would adjust these data in the upcoming REIS submission. The Department will review these future REIS data and, if inconsistencies still exist, it will provide additional comment on this topic.

The number of customer deposits increased steadily over the first four years of data but has decreased over the course of 2015 and 2016. The Company did note in its 2016 Report that it is currently holding 28 customer deposits because Greater Minnesota has not received 12 consecutive months of payment from these customers. The Department appreciates the inclusion of this additional information.

D. CUSTOMER COMPLAINTS

The Commission's 09-409 *Order* specified GMG's customer complaint reporting requirements, as follows:

In addition to tracking and reporting on customer complaints received from the Commission's CAO, GMG shall begin tracking and reporting on the total number of customer complaints received and the number of complaints resolved for each of the following categories: billing errors; inaccurate metering; wrongful disconnection; high bills; inadequate service; service extension intervals and service restoration intervals. This requirement becomes effective for GMG for the calendar year beginning on January 1, 2011. GMG shall begin including data for this requirement in its second annual report.

In its Reports, GMG stated that when a customer calls, it is not necessarily a complaint and the Company's customer service representatives attempt to identify and answer the caller's question or concern immediately. The Company only classifies a call as a complaint if the customer service representative escalates the matter to a supervisor either because the customer service representative is unable to satisfy the customer's concerns or the customer is requesting that GMG take some type of action.

Greater Minnesota's reported total number of complaints, on an annual basis, is summarized in Table 7 below.

Table 7: Annual Total Complaints (2011-2016)

Year	Complaints
2011	10
2012	6
2013	3
2014	4
2015	4
2016	1

The Company noted in its Reports that no complaints were forwarded by the CAO over the past two calendar years. GMG did, however, provide a discussion of one complaint involving the Office of the Attorney General (OAG) in 2015. Greater Minnesota explained that a customer contacted the OAG regarding concerns with the Company's distribution charge. The Company represented that it sent a letter to both the customer and the OAG explaining that these rates were set in a general rate case and that they had not increased in over five years. Greater Minnesota stated that it considers the complaint resolved since there have not been further communication from the customer or the OAG. The Department is satisfied with this response.

The Company provided a breakdown of customer complaints by type. In 2015, Greater Minnesota classified all of its four complaints as billing errors. In 2016, the Company's only complaint was concerning an inaccurate meter, which was tested and confirmed as accurate. Greater Minnesota provided additional information regarding how its complaints were resolved during 2015. After reviewing the Company's explanations, the Department concludes that Greater Minnesota's response to these complaints appears adequate to resolve the complaint; however, the Department notes that two of the Company's complaint resolutions may require additional analysis in a future general rate case. In both of these instances, there was a dispute between a customer requesting extension of new service and Greater Minnesota where the Company assessed reasonable costs above the "free" amount of extension costs built into base rates. In an effort to resolve the complaints and build "good faith" with customers, Greater Minnesota agreed to absorb these costs.

As the Commission noted recently,⁴ Minnesota Statute §216B.03 requires that rates must not be "unreasonably preferential, unreasonably prejudicial, or discriminatory." That is, all similarly situated customers must be treated equitably and utilities must apply their tariffs consistently across customers. In addition, Minnesota Statute §216B.05 requires "[e]very public utility to file with the commission schedules showing all rates, tolls, tariffs, and charges which it has established and which are in force at the time for any service performed by it within the state,

⁴ In the Matter of the Complaint and Petition for Relief by Minnesota Energy Resources Corporation (MERC) Against Northern States Power Company d/b/a Xcel Energy (Xcel-Gas) for Violations of Minn. Stat. § 216B.01 and Commission Policy, Docket No. G011,G002/C-17-305.

or for any service in connection therewith or performed by any public utility controlled or operated by it.” Thus, Greater Minnesota Gas needs to demonstrate how its application of its tariff for these customers, and not for other customers, complies with these statutes.

If the Company can do so, the Company must then demonstrate that shareholders, not ratepayers, would be responsible for these costs going forward, rather than future revenue requirements being charged to other customers when the Company files its next rate case. The Company has the burden of proof to show that its extension tariffs, its application of these tariffs, and any associated costs are reasonable. Therefore, the Department recommends that Greater Minnesota address these issues in its reply comments.

E. GAS EMERGENCY CALLS AND RESPONSE TIME

In its 09-409 *Order*, the Commission required Greater Minnesota to track and report the total number of gas emergency calls received during each annual reporting period. The 2014 Report marks the fourth time these data were collected and reported. Greater Minnesota stated that, since the Company does not have a dedicated emergency line, emergency calls are manually tallied and the amount of time it takes to answer each call cannot be tracked. Greater Minnesota’s emergency call and response time metrics are reported in Table 8 below.

Table 8: Gas Emergency Calls and Response Time (2011-2016)

Year	Number of Emergency Calls	Call to Dispatch (0- 10 minutes)	Call to Dispatch (more than 10 minutes)	Average Dispatch Time (minutes)	Dispatch to Arrival (less than 60 minutes)	Dispatch to Arrival (greater than 60 minutes)	Average Dispatch to Arrival (minutes)
2011	126	122	4	n/a	113	13	n/a
2012	100	95	5	3	81	19	44
2013	88	75	13	6	75	13	16
2014	110	107	3	3	102	8	36
2015	123	120	3	7	116	7	33
2016	219	214	5	5	208	11	30

The Company also provided additional information regarding the calls where dispatch was longer than 10 minutes and dispatch to arrival was greater than 60 minutes. The Department reviewed these explanations and concludes that they are generally reasonable, save for two incidences in 2016. Greater Minnesota stated that one incident occurred after hours, during winter driving conditions, and that it took the technician 88 minutes to reach the customer. The

Department acknowledges that this may have been the fastest possible response given the conditions described; however, a response time of nearly 90 minutes is long especially if a gas leak were significant. The second incident in question involved a 94-minute response time. The Company stated that the on-call technician was responding to another call, which is why the response was long. This is a long response time and could be a significant issue if the emergency call involved a large gas leak. The Department recommends that Greater Minnesota provide, in *Reply Comments*, a full explanation of whether it believes it has sufficient emergency technicians, especially during off hours and inclement weather, given the description of these events.

F. MISLOCATES

The Commission’s 09-409 *Order* requires Greater Minnesota 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. Greater Minnesota’s mislocate data are summarized in Table 9 below.

Table 9: Mislocates (2011-2016)

Year	Mislocates	Number of Locate Requests
2011	5	n/a
2012	6	5,807
2013	0	6,853
2014	0	7,445
2015	1	8,033
2016	4	9,632

Although the number of mislocates increased relative to 2013 and 2014, there does not appear to be a concerning trend. The Department will continue to monitor this metric in future annual service quality reports.

G. GAS SYSTEM DAMAGE (DAMAGED GAS LINES) AND GAS SERVICE INTERRUPTIONS

The Commission’s 09-409 *Order* requires Greater Minnesota to provide data on damaged gas lines by providing copies of the Company’s reports submitted to MnOPS. Table 10 summarizes GMG’s gas system damage events.

Table 10: Gas System Damage (2010-2016)

Year	Damage Events
2010	5
2011	8
2012	7
2013	9
2014	9
2015	7
2016	9 ⁵

All seven events in 2015 were the result of unplanned outages not related to utility operations. Of the seven events, four incidents did not involve a locate ticket, one involved a contractor hitting a correctly located line, one incident involved a contractor hitting a line that had been incorrectly marked, and one incident involved a road construction contractor hitting a main, that had not previously been located, during removal of a silt fence. The road construction contractor incidence constituted an immediately reportable accident, which is discussed in greater detail in Section J below.

All nine events in 2016 were the result of unplanned outages, of which seven incidents involved a landowner, its contractor, or another utility. The other two incidents involved Greater Minnesota employees, one of which related to an incorrectly cleared ticket and the other involved a mislocate by a utility employee. The number of events are not noticeably different than previous reporting years.

The presence of Company-related incidents is an area of concern, no matter the number of incidents; therefore, the Department recommends that Greater Minnesota fully describe, in *Reply Comments*, any training or remediation efforts that the Company has undertaken, or plans to undertake, to eliminate these types of incidents in the future.

H. MAJOR EVENT REPORTING AND NOTIFICATION OF REPORTABLE EVENTS

The 09-409 *Order* also required Greater Minnesota to provide summaries of all major events that are immediately reportable to MnOPS and provide contemporaneous reporting of these events to both the Commission and the Department when they occur. The Company had one MnOPS reportable event during 2015 and zero reportable events in 2016.

⁵ The Company noted in its 2016 Report that only eight of the nine events resulted in a natural gas leak. The one event that did not cause a leak involved a kinked service line which was repaired in the interest of safety.

As noted in Section H above, the reportable event in 2015 involved a road construction contractor who removed a silt fence. Greater Minnesota explained that the contractor did not have a locate when the silt fence was initially installed and that it was difficult to determine when the initial damage occurred. The Company surmised that the damage occurred when the fence was installed and that the fence post sealed the leak until the time that the fence was removed. This incident was a MnOPS reportable event because it involved blowing gas and the rerouting of traffic. The Department appreciates the Company’s additional discussion regarding this event, and concludes that it appears that Greater Minnesota took all reasonable steps to prevent this incident.

I. CUSTOMER-SERVICE-RELATED OPERATIONS AND MAINTENANCE EXPENSES

The Commission requires each gas utility to provide data regarding customer-service-related operations and maintenance expenses recorded in FERC Accounts 901 and 903. The Company’s annual costs are summarized in Table 11.

Table 11: Customer Service Expenses

Year	Expenses (\$)
2011	\$87,646
2012	\$84,349
2013	\$85,034
2014	\$105,579
2015	\$99,101
2016	\$116,380

The amount of customer service expenses appear reasonable for 2015 and 2016 given the amount of customer growth on the Company’s system and the addition of new customer service employees during calendar year 2014. The Department will continue to monitor this metric in future service quality reports.

III. SUMMARY AND CONCLUSIONS

Based on its review of Greater Minnesota’s 2015 Annual Service Quality Report and 2016 Annual Service Quality Report, the Department recommends that Greater Minnesota Gas demonstrate in its *Reply Comments* that its application of its tariff for the customers who did not pay the required contribution in aid of construction above the “free footage” built into rates, and not for other customers, is not “unreasonably preferential, unreasonably prejudicial, or discriminatory” and complies with Minnesota Statute §216B.05.

If the Company can do so, the Company must then demonstrate that shareholders, not ratepayers, would be responsible for these costs going forward, rather than future revenue requirements being charged to other customers when the Company files its next rate case.

Assuming these issues can be reasonably resolved, and pending provision of additional clarifying information in *Reply Comments*, the Department intends to recommend that the Commission accept the Company's Reports. In addition to addressing the issues above, the Department recommends that Greater Minnesota provide the following in *Reply Comments*:

- A full explanation of why disconnections decreased in 2016 and whether the Company continued its delinquent accounts process begun in 2014;
- A full explanation of why certain service extension times in the spring of 2016 were relatively long;
- Additional information on two long response incidents in 2016 and a full explanation of whether Greater Minnesota believes it has sufficient emergency technicians, especially during off hours and inclement weather, given the description of these events;
- A full description of any training or remediation efforts that the Company has undertaken, or plans to undertake, to eliminate company related mislocates; and
- The costs for the extensions to the two customers noted above.

/ja

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-16-383 and G022/M-17-336

Dated this 22nd day of June 2017

/s/Sharon Ferguson

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Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_16-383_16-383
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