

## Staff Briefing Papers

Meeting Date September 13, 2018 Agenda Item #5 \*

Company Community Co-ops of Lake Park (Community Co-ops)  
United Natural Gas, LLC (UNG)  
Lake Region Energy Services (LRES)  
Dooley Natural Gas I, LLC (Dooley I)  
Dooley Natural Gas II, LLC (Dooley II)

Docket Nos. G-6956/M-15-856 (Community Co-ops)  
G-6960/M-16-214 (UNG)  
G-6977/M-17-186 (LRES)  
G-6915/M-13-672 (Dooley's I)  
G-6915/M-16-756 (Dooley's II)

**In the Matter of Community Co-ops of Lake Park's Petition for an Exemption for a Small Gas Utility Franchise**

**In the Matter of a Petition by United Natural Gas, LLC for approval of its Request for a Small Gas Utility Franchise Exemption**

**In the Matter of a Petition by Lake Region Energy Services, Inc. for a Small Gas Utility Franchise Exemption**

**In the Matter of the Petition of Dooley's Natural Gas LLC for Exemption for a Small Gas Utility**

**In the Matter of a Petition by Dooley's Natural Gas II, LLC for a Small Gas Utility Franchise Exemption**

Issues

1. Should the Commission approve the annual compliance filings from LRES, Dooley's I and Dooley's II?
2. What information should the Commission require in future annual compliance filings from those companies who are exempt small gas utilities?

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 **Relevant Documents**

**Date**

Community Co-ops – Response to Commission Data Requests	June 25, 2018
UNG – Response to Commission Data Requests	June 26, 2018
LRES – Annual Compliance Filing	March 1, 2018
LRES – Response to Commission Data Requests	June 27, 2018
Dooley’s I – Annual Compliance Filing	March 20, 2018
Dooley’s I – Response to Commission Data Requests	July 2, 2018
Dooley’s II – Annual Compliance Filing	March 20, 2018
Dooley’s II – Response to Commission Data Requests	July 2, 2018

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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## I. Statement of the Issues

1. Should the Commission approve the annual compliance filings from LRES, Dooley's I and Dooley's II?
2. What information should the Commission require in future annual compliance filings from those companies who are exempt small gas utilities?

## II. Background

Minn. Stat. §§ 216B.02, subd. 4 defines what constitutes a public utility and 216B.16, subd. 12 define a small natural gas utility franchise exemption. Minn. Stat. § 216B.02, subd. 4 grants a gas utility a small gas utility franchise exemption if the served municipality grants the utility a franchise license to operate within its borders – exempts the utility from Commission regulation. In addition, the natural gas utility cannot have more than 650 customers in a municipality and must have less than 5,000 total customers. Minn. Stat. § 216B.16, subd. 12(b) grants the natural gas utility who receives the small gas utility franchise exemption limited authority to serve customers outside the municipalities' border if the Commission considers the service to be incidental.

Minn. Stat. § 216B.02, subd. 4 states:

*.....In addition, the provisions of this chapter shall not apply to a public utility whose total natural gas business consists of supplying natural, manufactured, or mixed gas to not more than 650 customers within a city pursuant to a franchise granted by the city, provided a resolution of the city council requesting exemption from regulation is filed with the commission. The city council may rescind the resolution requesting exemption at any time, and, upon the filing of the rescinding resolution with the commission, the provisions of this chapter shall apply to the public utility.... [Emphasis Added]*

Minn. Stat. § 216B.16, subd. 12 states:

*(a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves **650 or fewer customers in the municipality** as long as the public utility serves no more than a **total of 5,000 customers**.*

*(b) The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be **incidental**. The public utility shall file with the commission and the department all*

*initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation. [Emphasis Added]*

In addition, Minn. Stat. § 216B.0976, subd. 1 **Notice to Cities of Utility Disconnection** requires the public utility to provide to the city (cities) granting the franchise license a notice of disconnection of a customer's gas or electric service upon the city requesting the information. Minn. Stat. § 216B.098 **Residential Customer Protections** provides certain consumer protections, such as budget billing plans, payment agreements for bills in arrears, and undercharges made by the utility.

Minn. Stat. § 216B.0976, subd. 1 states:

*Notwithstanding section 13.685 or any other law or administrative rule to the contrary, a public utility, cooperative electric association, or municipal utility must provide notice to a statutory city or home rule charter city, as prescribed by this section, of disconnection of a customer's gas or electric service. Upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, a report must be made available to the city of the address of properties currently disconnected and the date of the disconnection. Upon written request from a city, between October 15 and April 15, daily reports must be made available of the address and date of any newly disconnected properties.*

*A city provided notice under this section must provide the information on disconnection to the police and fire departments of the city within three business days of receipt of the notice.*

*For the purpose of this section, "disconnection" means a cessation of services initiated by the public utility, cooperative electric association, or municipal utility that affects the primary heat source of a residence and service is not reconnected within 24 hours.*

Minn. Stat. § 216B.098 states:

*Subdivision 1. **Applicability.** The provisions of this section apply to residential customers of public utilities, municipal utilities, and cooperative electric associations. Each municipal utility and cooperative electric association may establish terms and conditions for the plans and agreements required under subdivisions 2 and 3.*

*Subd. 2. **Budget billing plans.** A utility shall offer a customer a budget billing plan for payment of charges for service, including adequate notice to customers prior to changing budget payment amounts. Municipal utilities having 3,000 or fewer customers are exempt from this requirement. Municipal utilities having more than 3,000 customers shall implement this requirement before July 1, 2003.*

*Subd. 3. **Payment agreements.** A utility shall offer a payment agreement for the payment of arrears. Payment agreements must consider a customer's financial*

*circumstances and any extenuating circumstances of the household. No additional service deposit may be charged as a consideration to continue service to a customer who has entered and is reasonably on time under an accepted payment agreement.*

*Subd. 4. **Undercharges.** (a) A utility shall offer a payment agreement to 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 utility, except that the duration of a payment agreement offered by a utility 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.*

*(b) No interest or delinquency fee may be charged as part of an undercharge agreement under this subdivision.*

*(c) If a customer inquiry or complaint results in the utility's discovery of the undercharge, the utility may bill for undercharges incurred after the date of the inquiry or complaint only if the utility began investigating the inquiry or complaint within a reasonable time after when it was made.*

Each of the above listed natural gas utilities filed for and received Commission approval for a small gas utility franchise exemption to provide natural gas service inside the municipalities' borders and permission to serve **incidental** load outside of these borders without Commission regulation. The served municipalities represent the governing regulatory body. In some instances, a Local Rate Board is established which could consist of municipality officers, township officers, and/or natural gas utilities' employees. Through its Orders, the Commission placed different compliance requirements on each small gas utility, see the following summary by gas utility:

#### **A. Community Co-ops of Lake Park (Community Co-ops) (15-856)**

In the Commission's Order dated December 22, 2015 in ordering paragraph (OP) 2, the Commission required

*"the Company to file, within 20 days of this order, a revised copy of its Rate Book incorporating the changes recommended by the Department and Commission Staff and agreed to by the Company."*

On January 12, 2016, Community Co-ops filed its required compliance filing – a revised Rate Book that incorporated the Department's<sup>1</sup> and the Commission's recommendations. The Commission did not require any further compliance from Community Co-ops. Staff believes that Community Co-ops complied with the Commission's Order requirements.

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<sup>1</sup> The Department of Commerce (Department).

## **B. United Natural Gas, LLC (UNG) (16-214)**

In the Commission's Order dated May 24, 2016, in OP 2 the Commission required:

- annual Cold Weather Rule, in Minn. Stat. § 216B.096. subd. 11 and Minn. Stat. § 216B.16, subd. 12(c);
- notice to cities of utility disconnection, in Minn. Stat. § 216B.0976;
- residential customer protections, in Minn. Stat § 216B.098;
- annual tariff updates with municipally-approved rates, in Minn. Stat. § 216B.16, subd. 12(c);
- any subsequent changes in rates, tariffs, and contracts for service outside the municipalities at least 30 days in advance of implementation; and
- notification to the Commission should its customer base expand beyond the 2,000 customer threshold. [Now, 5,000 by revised statute]

In OP3, the Commission required UNG to submit its revised tariff book with the Department's and PUC staff's changes in a compliance filing, plus more detailed maps for areas between Courtland and Lafayette with detail down to the street level, within 10 days of order.

On May 25, 2016 and February 7, 2017, UNG made its compliance filings, fulfilling the Commission's requirements. The Commission did not require any further compliance from UNG.

In the Commission's Order dated November 20, 2017, the Commission required:

OP 3. The Local Utilities Board will meet and discuss the issue of regulating additional incidental-service customers along the route of the pipeline serving the Lower Sioux after receiving the internal audit. The Local Utilities Board will keep minutes of its meetings and shall provide the Commission with copies of its meeting minutes in a compliance filing.

OP 4. UNG shall file with the Commission a copy of the internal audit when it is complete.

OP 5. The Commission requests that the cities of Lafayette and Courtland each submit a filing indicating the city's assent to the Commission's expansion of UNG's exemption under Minn. Stat. § 216B.16, subd. 12. The Commission requests that the cities of Lafayette and Courtland submit these filings following UNG's completion of its internal audit and the meeting of the Local Utilities Board to review the audit.

OP 7. UNG shall file a description of the materials that UNG provides to prospective and new customers and the timing of those materials.

On December 22, 2017, UNG provided the required information that included its Local Utilities Board meeting minutes, financial statements (income statement), internal audit report, letters from the Lafayette and Courtland municipalities indicating the city's assent to the Lower Sioux expansion project, and a description of materials that UNG provides to prospective and new customers. The Commission did not require any further compliance from UNG. Staff believes that UNG complied with the Commission's Order requirements.

### **C. Lake Region Energy Services (LRES) (17-186)**

In the Commission's Order date July 28, 2017 in OP 4, the Commission required:

LRES to file an annual compliance filing on March 1st of each year with the following information to be filed in this docket:

- a. Customer count by customer class, including the applicable rates for each customer class; and
- b. The associated annual gas and non-gas revenues by customer class; and
- c. Net Plant in Service by year and on an accumulated basis from when LRES began construction on their natural gas system. (Net Plant in Service = Total Plant in Service – Accumulated Depreciation – Deferred Income Taxes.)

On March 1, 2018, LRES filed its 2018 annual compliance filing – providing the requested information. Staff believes that LRES complied with the Commission's Order requirements.

### **D. Dooley Natural Gas, LLC (Dooley I) (13-672)**

In the Commission's Order dated January 7, 2014 the Commission required:

- A. An update of Section 28 of its Tariff to reflect that Dooley's Natural Gas must comply with the Commission's Cold Weather Rule.
- B. An update of Section 27, Item 1 a) of its Tariff amended to read "To a customer who owes a past due and unpaid balance for utility service at a former address, in the same class of service."
- C. Additional language in its Tariff demonstrating its compliance with Minn. Stat. §§ 216B.0976 (Notice to Cities of Utility Disconnection), and 216B.098 (Residential Customer Protections).

On January 24, 2014, Dooley's filed its compliance filing – providing the requested information.

### **E. Dooley's Natural Gas II, LLC (Dooley II) (16-756)**

In the Commission's Order dated July 5, 2017 in OP5, the Commission required:

Dooley's Natural Gas to file an Annual Report for both Dooley's I and Dooley's II and require following information to be filed in Docket Nos. 13-672 and 16-756, starting on March 1, 2018:

- A. Customer count by customer class, including the applicable rates for each customer class separated by Dooley's I and Dooley's II;
- B. The associated annual gas and non-gas revenues by customer class separated by Dooley's I and Dooley's II; and
- C. Net Plant in Service separated by Dooley's I and Dooley's II by year and on an accumulated basis from when Dooley's began construction on their natural gas systems. (Net Plant in Service: Total Plant in Service-Accumulated Depreciation – Deferred Income Taxes)

On July 26, 2017, Dooley's II filed its tariff compliance filing – providing the requested information. On March 20, 2018, Dooley's I and II filed their 2018 annual compliance filings – providing the requested information. Staff believes that Dooley's I and Dooley's II complied with the Commission's Order requirements.

### **III. Staff Analysis**

Pursuant to Minn. Stat. § 216B.16, subd. 12, to maintain its small gas utility franchise exemption, the above listed companies must have fewer than 650 customers in a municipality and less than 5,000 total customers. Staff believes that all of the small gas utilities listed above continue to meet these requirements. Staff provides additional analysis below on the following to:

- Review the above listed Commission's Orders to determine if the Orders were generally consistent;
- Prepare certain analyzes that would enable the Commission to determine if the small gas utilities receiving a franchise exemption were sound financially;
- Propose annual reporting requirements to be placed on the small gas utilities on a going forward basis.

Staff reviewed the Commission's Orders in the above dockets to determine the consistency within the Orders. Staff believes that the Commission Orders are consistent with certain Minnesota statutes and rules requirements, such as Minn. Stat. § 216B.096 – Cold Weather Rule, Minn. Stat. § 216B.0976 – Notice to Cities of Utility Disconnection, and Minn. Stat. § 216B.098 – Residential Customer Protections. But, certain Commission Orders require the



small gas utilities' to comply with other Minnesota statutes and rules, while other Orders did not.

The small gas utility who receives a franchise exemption is exempt from Commission rate regulation,<sup>2</sup> but if that small gas utility serves customers outside the municipality's borders, and the service provided is more than incidental, the utility's service to those customers may become subject to Commission regulation. Regardless, exempt small gas utilities are subject to applicable Minnesota statutes and rules for its incidental service, which include:

- Annual tariff updates with municipally-approved rates are required, in Minn. Stat. § 216B.16, subd. 12(c);
- Any subsequent changes in rates, tariffs, and contracts for service outside the municipalities are required to be filed at least 30 days in advance of implementation (Minn. Stat. . § 216B.16, subp. 12, subd. 12(B)); and
- Notification to the Commission should its customer base expand beyond the 5,000 customer threshold. - Minn. Stat. § 216B.16, subp. 12 (a).
- Annual Minnesota Natural Gas Utility Information reporting to the Department under Minn. Rules 7610.0800 – 7610.0860 is to be made on or before July 1 of each year.

The Commission may wish to make its Orders consistent by requiring all small gas utilities to be compliant with the above statutes and rules with its Order in this proceeding.

Staff also evaluated each small gas utilities' financial position. On June 12 and 13, 2018, staff issued Community Co-ops, UNG, LRES, and Dooley's information requests (IRs) so consistent information would be available to prepare the requested analysis.

Staff's information requests 1 through 4 ask that each small gas utility provide its 2017 updated customer counts, revenues, and throughput information (see above Relevant Documents for each small gas utilities' responses.)<sup>3</sup> Staff's analysis was further complicated by the small gas utilities initial petitions' not including revenues and throughput information. Staff believes a comparison of customer counts might be the best financial indicator in determining the financial health of each small gas utility. This indicator compares the customer counts from the 2017 updates to the initial petitions.

The higher percent of customers acquired would indicate that the small gas utility is achieving its projections thus resulting in sufficient revenues to cover the operating expenses. Staff notes that the percentage of customers acquired will continue rise over the next few years as the small gas utility continues to expand its system inside/outside the municipalities' borders. The Dooley utilities did not provide customer counts in their initial petitions, therefore, a customer

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<sup>2</sup> The municipality assumes regulatory responsibility.

<sup>3</sup> All of the small gas utilities provided responses to staff's information requests. Staff's information requests are reflected in the small gas utilities' responses.

count comparison cannot be calculated. Table 1 provides the customer count comparison for Community Co-ops, UNG, and LRES. See Attachment A for staff's more detailed calculations.

**Table 1: Comparison of Customer Counts between Initial Petition and 2017 Updates**

	<b>2017 Updated Number of Customers</b>	<b>Initial Petition Projected Number of Customers</b>	<b>Percentage of Customers Acquired</b>
<b>Community Co-ops</b>			
Residential	541	1,150	47.04%
Commercial and Ag.	158	175	90.29%
Total	699	1,325	52.75%
<b>UNG</b>			
Residential	370	487	75.98%
Sm. Commercial	43	71	60.56%
Lg. Commercial	37	34	108.80%
Interruptible	20	10	200.00%
Total	470	602	78.07%
<b>LRES</b>			
Residential	126		
Sm. Commercial	14		
Lg. Commercial	1		
Ag.	6		
Interruptible	9		
Total	156	231	67.53%

In the above dockets, the Department used the number of customers inside and outside the municipalities' borders as a guide in determining whether the small gas utility should receive confirmation of its requested small gas utility franchise exemption. Generally, the percentage of customers outside the municipalities' borders were small in comparison to the total customers projected to receive service.

Staff compared the 2017 updated customer counts, revenues, and throughput information to determine whether the small gas utilities' should continue to be able to serve customers outside the municipalities' borders with these customers still being considered incidental – thereby maintaining their exemption from Commission regulation, see Table 2.

**Table 2: Comparison of Customers Inside and Outside the Municipalities' Borders<sup>4</sup>**

	Community Co-ops	UNG	LRES	Dooley's I	Dooley's II
<b>Number of Customers</b>					
Inside Borders	647	347	106	1,292	426
Outside Borders	52	123	50	65	95
Total Customers	699	470	156	1,357	521
Percent Inside	92.56%	73.83%	67.95%	95.21%	81.77%
Percent Outside	7.44%	26.17%	32.05%	4.79%	18.23%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Revenues</b>					
Inside Borders	1,436,504	315,770	88,918	1,696,389	793,348
Outside Borders	395,356	472,118	204,961	2,651,480	5,019,323
Total Revenues	1,831,860	787,888	293,879	4,347,869	5,812,671
Percent Inside	78.42%	40.08%	30.26%	39.02%	13.65%
Percent Outside	21.58%	59.92%	69.74%	60.98%	86.35%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Throughput</b>					
Inside Borders	165,669	343,709	98,230	1,182,920	352,806
Outside Borders	15,631	634,794	240,997	3,404,889	5,418,890
Total Throughput	181,300	978,503	339,227	4,587,809	5,771,696
Percent Inside	91.38%	35.13%	28.96%	25.78%	6.11%
Percent Outside	8.62%	64.87%	71.04%	74.22%	93.89%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

As the above data illustrates, the Department's customer count test is still valid, but UNG and LRES small gas utilities should be observed going forward to ensure the customers outside the municipalities' borders do not exceed the customers inside those borders. Staff believes that both of these utilities will continue to grow, adding customers as their systems expand. It appears that some of the small gas utilities may have difficulty justifying their exemptions if revenue and throughput are used as a test because the percentages favor customers outside the municipalities' borders.

Attachment C reflects staff's summary of all remaining small gas utilities' responses to staff's information requests. Topics that are summarized include:

- A discussion of whether the utility has met its initial projections;

<sup>4</sup> For by customer class data see Attachment B.

- Whether different rates exist for customers inside or outside the municipalities' border;
- The municipalities' governance structure;
- Customer complaints received;
- Service extension policy;
- Incidental service policy where service extension exceeds the allowance;
- The highest service extension paid and the average amount paid for service extensions; and
- Future annual compliance requirements.

Staff reviewed the Commission's Orders to determine the compliance requirements for each small gas utility. The Commission's Orders required all small gas utilities to provide some level of compliance information, but this information is inconsistent between the utilities. Some utilities (Community Co-ops and UNG) were required to supplement their docket's record with a one-time compliance filing, while others (LRES and both Dooley utilities) were required to supplement their docket's record with annual compliance information, but even their annual compliance requirements were inconsistent. To address these inconsistencies, the Commission may wish to require all small gas utilities to submit an annual compliance filing on March 1<sup>st</sup>, of each year, which would include:

- updated customer counts, operating revenues, and throughput information, by customer class, by customers inside/outside the municipalities' borders, for the prior year;
- a street level map of the small gas utilities' service territory, updated for annual changes;
- any approved municipality rates changes that occurred in the prior year and when these changes went into effect. Require all small gas utilities to be compliant with Minn. Stat. § 216B.16, subp. 12 (b), which states "The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation;"
- all changes to its tariff book in redlined and final revised tariff form;
- an annual summary of changes in its governing structure, including the names, contact information, and affiliation to the governing board;
- a copy of its cold weather disconnection notice sent to the customers, including how the notice was communicated and date communicated - Minn. Stat. § 216B.096, Minnesota's Cold Weather Rule;
- a copy of any utility disconnection reports served to any of the municipalities as required by Minn. Stat. § 216B.0976 – Minnesota's Notice to Cities of Utility Disconnection;<sup>5</sup>

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<sup>5</sup> The statute states "Upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, a report must be made available to the city of the address of properties currently disconnected and the date of the disconnection."

- a copy of its notice form sent to customers who are in arrears pursuant to the utility's obligation under Minn. Stat. § 216B.098 – Minnesota's Residential Customer Protections, along with any policy not clearly identified in the tariffs regarding budget billing plans, payment arrangements, and under-charge repayment.

## IV. Decision Options

1. Determine that all small gas utilities are compliant with Commission Order requirements.
  2. Approve the annual compliance filings of LRES and the Dooley's utilities.
  3. Require all small gas utilities to be compliant with:
    - a. Annual tariff updates filing requirement, with municipally-approved rates, in Minn. Stat. § 216B.16, subd. 12(c);
    - b. Any subsequent changes in rates, tariffs, and contracts for service outside the municipalities filing requirement, at least 30 days in advance of implementation (Minn. Stat. . § 216B.16, subp. 12, subd. 12(B)); and
    - c. Notification to the Commission should its customer base expand beyond the 5,000 customer threshold. Minn. Stat. § 216B.16, subp. 12 (a).
    - d. Annual Minnesota Natural Gas Utility Information reporting to the Department under Minn. Rules 7610.0800 – 7610.0860 is to be made on or before July 1 of each year.
  4. Determine that the small gas utilities customer count information is a reasonable method for determining the utilities financial status.
  5. Require all small gas utilities to file a report on March 1<sup>st</sup> of each year that includes:
    - a. updated customer counts, operating revenues, and throughput information, by customer class, by customers inside/outside the municipalities' borders, for the prior year;
    - b. a street level map of the small gas utilities' service territory, updated for annual changes;
    - c. any approved municipality rates changes that occurred in the prior year and when these changes went into effect. Require all small gas utilities to be compliant with Minn. Stat. § 216B.16, subp. 12 (b), which states "The public utility shall file with the commission and the department all initial and
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- subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation;”
- d. all changes to its tariff book in redlined and final revised tariff form;
  - e. an annual summary of changes in its governing structure, including the names, contact information, and affiliation to the governing board;
  - f. a copy of its cold weather disconnection notice sent to the customers, including how the notice was communicated and date communicated - Minn. Stat. § 216B.096, Minnesota’s Cold Weather Rule;
  - g. a copy of any utility disconnection reports served to any of the municipalities as required by Minn. Stat. § 216B.0976 – Minnesota’s Notice to Cities of Utility Disconnection;<sup>6</sup>
  - h. a copy of its notice form sent to customers who are in arrears pursuant to the utility’s obligation under Minn. Stat. § 216B.098 – Minnesota’s Residential Customer Protections, along with any policy not clearly identified in the tariffs regarding budget billing plans, payment arrangements, and under-charge repayment.

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<sup>6</sup> The statute states “Upon written request from a city, on October 15 and November 1 of each year, or the next business day if that date falls on a Saturday or Sunday, a report must be made available to the city of the address of properties currently disconnected and the date of the disconnection.”

Line No.	Number of Customers			Revenues			Throughput			Current Average cost per customer	Current Cost per Therm
	2017 Current # of Customers	Initial Customer Projections	Percentage of Acquired Customers	2017 Current Revenues	Initial Revenue Projections	Percentage of Acquired Revenues	2017 Current Throughput	Initial Throughput Projections	Percentage of Acquired Throughput		
	(1)	(2)	(3) (1)/(2)	(4)	(5)	(6) (4)/(5)	(7)	(8)	(9) (7)/(8)	(10) (4)/(1)	(11) (4)/(7)
1	<b>Community Co-ops</b>										
2	Residential	541	1,150	47.04%	466,613	<b>Community Co-ops did not provide this information in its data response</b>	47,133	<b>Community Co-ops did not provide this information in its data response</b>		862.50	9.90
3	Commercial and Ag drying/heating	158	175	90.29%	1,365,247		190,277			8,640.80	7.18
4	Totals	<u>699</u>	<u>1,325</u>	<u>52.75%</u>	<u>1,831,860</u>		<u>237,410</u>				
Community Co-ops states that they are ahead of their internal timetable.											
5	<b>UNG</b>										
6	Residential	370	487	75.98%	173,036	<b>UNG did not provide this information in its data response</b>	168,453	324,500	51.91%	467.66	1.03
7	Small Commercial	43	71	60.56%	74,457		76,228	81,700	93.30%	1,731.56	0.98
8	Large Commercial	37	34	108.82%	204,825		248,429	803,350	30.92%	5,535.81	0.82
9	Interruptible	20	10	200.00%	335,570		485,393	108,000	449.44%	16,778.50	0.69
10	Total	<u>470</u>	<u>602</u>	<u>78.07%</u>	<u>787,888</u>		<u>978,503</u>	<u>1,317,550</u>	<u>74.27%</u>		
11	<b>LRES</b>										
12	Residential	126			20,930	<b>LRES did not provide this information in its data response</b>	15,869	<b>LRES did not provide this information in its data response</b>		166.11	1.32
13	Small Commercial	14			9,775		8,575			698.21	1.14
14	Large Commercial	1			18,027		19,706			18,027.00	0.91
15	Ag	6			69,490		75,649			11,581.67	0.92
16	Interruptible	9			175,657		219,428			19,517.44	0.80
17	Total	<u>156</u>	<u>231</u>	<u>67.53%</u>	<u>293,879</u>		<u>339,227</u>				
18	<b>Dooley's I</b>										
19	Residential	1,134			816,262	<b>Dooley I did not provide this information in its data response</b>	738,836	<b>Dooley I did not provide this information in its data response</b>		719.81	1.10
20	Small Commercial	170			395,964		357,224			2,329.20	1.11
21	Industrial	10			212,031		209,425			21,203.10	1.01
22	Ag Heating	25			1,974,136		2,157,651			78,965.44	0.91
23	Ag Drying	18			949,476		1,124,673			52,748.67	0.84
24	Total	<u>1,357</u>			<u>4,347,869</u>		<u>4,587,809</u>				
Dooley's states its petition does not provided initial projections for customer counts or throughput.											
25	<b>Dooley's II</b>										
26	Residential	405			251,993	<b>Dooley II did not provide this information in its data response</b>	218,906	<b>Dooley II did not provide this information in its data response</b>		622.20	1.15
27	Small Commercial	68			204,743		176,541			3,010.93	1.16
28	Industrial	5			550,754		545,499			110,150.80	1.01
29	Ag Heating	34			4,427,054		4,410,996			130,207.47	1.00
30	Ag Drying	9			378,127		419,754			42,014.11	0.90
31	Total	<u>521</u>			<u>5,812,671</u>		<u>5,771,696</u>				

Summary of Number of Customers, Revenues, Throughput Reflecting  
Customers Receiving Service Inside and Outside the Municipal Borders

Line No.	Description	Community				
		Co-ops (1)	UNG, LLC (2)	LRES (3)	Dooley's I (4)	Dooley's II (5)
1	<b>Number of Customers</b>					
2	Inside Municipal Borders	647	347	106	1,292	426
3	Outside Municipal Borders	52	123	50	65	95
4	Total Customers	699	470	156	1,357	521
5	Percentage Inside Municipal Borders	92.56%	73.83%	67.95%	95.21%	81.77%
6	Percentage Outside Municipal Borders	7.44%	26.17%	32.05%	4.79%	18.23%
7	Total	100.00%	100.00%	100.00%	100.00%	100.00%
8	<b>Revenues - \$</b>					
9	Inside Municipal Borders	1,436,504	315,770	88,918	1,696,389	793,348
10	Outside Municipal Borders	395,356	472,118	204,961	2,651,480	5,019,323
11	Total Revenues	1,831,860	787,888	293,879	4,347,869	5,812,671
12	Percentage Inside Municipal Borders	78.42%	40.08%	30.26%	39.02%	13.65%
13	Percentage Outside Municipal Borders	21.58%	59.92%	69.74%	60.98%	86.35%
14	Total	100.00%	100.00%	100.00%	100.00%	100.00%
15	<b>Throughput in Therms</b>					
16	Inside Municipal Borders	165,669	343,709	98,230	1,182,920	352,806
17	Outside Municipal Borders	15,631	634,794	240,997	3,404,889	5,418,890
18	Total Throughput	181,300	978,503	339,227	4,587,809	5,771,696
19	Percentage Inside Municipal Borders	91.38%	35.13%	28.96%	25.78%	6.11%
20	Percentage Outside Municipal Borders	8.62%	64.87%	71.04%	74.22%	93.89%
21	Total	100.00%	100.00%	100.00%	100.00%	100.00%
22	<b>Average of Number of Customer, Revenues, and Throughput</b>					
23						
24	Inside Municipal Borders	87.45%	49.68%	42.39%	53.34%	33.84%
25	Outside Municipal Borders	12.55%	50.32%	57.61%	46.66%	66.16%
26	Total	100.00%	100.00%	100.00%	100.00%	100.00%



Number of Customers, by Customer Class - Reflecting  
Customers Receiving Service Inside and Outside the Municipal Borders

Line No.	Description	Community Co-ops (1)	UNG (2)	LRES (3)	Dooley's I (4)	Dooley's II (5)
1	<b>Customer Classes</b>					
2	<u>Residential</u>					
3	Inside Municipal Borders	499	298	93	1,113	365
4	Outside Municipal Borders	42	72	33	21	40
5	Total	<u>541</u>	<u>370</u>	<u>126</u>	<u>1,134</u>	<u>405</u>
6	<u>Small Commerical</u>					
7	Inside Municipal Borders	139	36	8	165	59
8	Outside Municipal Borders	1	7	6	5	9
9	Total	<u>140</u>	<u>43</u>	<u>14</u>	<u>170</u>	<u>68</u>
10	<u>Large Commerical</u>					
11	Inside Municipal Borders	7	12	1	0	0
12	Outside Municipal Borders	1	25	0	0	0
13	Total	<u>8</u>	<u>37</u>	<u>1</u>	<u>0</u>	<u>0</u>
14	<u>Industrial</u>					
15	Inside Municipal Borders	0	0	0	9	1
16	Outside Municipal Borders	0	0	0	1	4
17	Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>5</u>
18	<u>Ag Heating</u>					
19	Inside Municipal Borders	0	0	0	0	0
20	Outside Municipal Borders	0	0	0	25	34
21	Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>25</u>	<u>34</u>
22	<u>Ag Drying</u>					
23	Inside Municipal Borders	2	0	0	5	1
24	Outside Municipal Borders	8	0	6	13	8
25	Total	<u>10</u>	<u>0</u>	<u>6</u>	<u>18</u>	<u>9</u>
26	<u>Interruptible</u>					
27	Inside Municipal Borders	0	1	4	0	0
28	Outside Municipal Borders	0	19	5	0	0
29	Total	<u>0</u>	<u>20</u>	<u>9</u>	<u>0</u>	<u>0</u>
30	Total Number of Customers	<u>699</u>	<u>470</u>	<u>156</u>	<u>1,357</u>	<u>521</u>
31	Total Inside Municipal Customers	647	347	106	1,292	426
32	Total Outside Municipal Customers	<u>52</u>	<u>123</u>	<u>50</u>	<u>65</u>	<u>95</u>
33	Total	<u>699</u>	<u>470</u>	<u>156</u>	<u>1,357</u>	<u>521</u>
34	% Inside Municipal Customers	92.56%	73.83%	67.95%	95.21%	81.77%
35	% Outside Municipal Customers	<u>7.44%</u>	<u>26.17%</u>	<u>32.05%</u>	<u>4.79%</u>	<u>18.23%</u>
36	Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

2017 Revenues with Gas, by Customer Class - Reflecting  
Customers Receiving Service Inside and Outside the Municipal Borders

Line No.	Description	Community Co-ops (1)	UNG, LLC (2)	LRES (3)	Dooley's I (4)	Dooley's II (5)
1	<b>Customer Classes</b>	1/				
2	<u>Residential</u>					
3	Inside Municipal Borders	430,388	139,029	15,993	754,579	219,330
4	Outside Municipal Borders	36,225	34,007	4,937	61,683	32,663
5	Total	466,613	173,036	20,930	816,262	251,993
6	<u>Small Commerical</u>					
7	Inside Municipal Borders	164,020	65,434	4,794	357,557	145,211
8	Outside Municipal Borders	1,531	9,023	4,981	38,407	59,532
9	Total	165,551	74,457	9,775	395,964	204,743
10	<u>Large Commerical</u>					
11	Inside Municipal Borders	597,941	81,988	18,027	0	0
12	Outside Municipal Borders	0	122,837	0	0	0
13	Total	597,941	204,825	18,027	0	0
14	<u>Industrial</u>					
15	Inside Municipal Borders	0	0	0	212,031	310,686
16	Outside Municipal Borders	0	0	0	0	240,068
17	Total	0	0	0	212,031	550,754
18	<u>Ag Heating</u>					
19	Inside Municipal Borders	0	0	0	0	0
20	Outside Municipal Borders	0	0	0	1,974,136	4,427,054
21	Total	0	0	0	1,974,136	4,427,054
22	<u>Ag Drying</u>					
23	Inside Municipal Borders	244,155	0	0	372,222	118,121
24	Outside Municipal Borders	357,600	0	69,490	577,254	260,006
25	Total	601,755	0	69,490	949,476	378,127
26	<u>Interruptible</u>					
27	Inside Municipal Borders	0	29,319	50,104	0	0
28	Outside Municipal Borders	0	306,251	125,553	0	0
29	Total	0	335,570	175,657	0	0
30	Total Revenues	1,831,860	787,888	293,879	4,347,869	5,812,671
31	Total Revenues Inside Municipal	1,436,504	315,770	88,918	1,696,389	793,348
32	Total Revenues Outside Municipal	395,356	472,118	204,961	2,651,480	5,019,323
33	Total Revenues	1,831,860	787,888	293,879	4,347,869	5,812,671
34	% Inside Municipal Revenues	78.42%	40.08%	30.26%	39.02%	13.65%
35	% Outside Municipal Revenues	21.58%	59.92%	69.74%	60.98%	86.35%
36	Total	100.00%	100.00%	100.00%	100.00%	100.00%

1/ Community Co-ops' accounting system does not customers and revenues by customer class or within or outside municipal borders. Community Co-ops response was prepared using actual data from its larger customers and estimates for the other customer classes.

2017 Throughput, by Customer Class - Reflecting  
Customers Receiving Service Inside and Outside the Municipal Borders

Line No.	Description	Community Co-ops (1)	UNG, LLC (2)	LRES (3)	Dooley's I (4)	Dooley's II (5)
1	<b>Customer Classes</b>	1/				
2	<u>Residential</u>					
3	Inside Municipal Borders	43,474	135,335	12,075	418,364	154,087
4	Outside Municipal Borders	3,659	33,118	3,794	320,472	64,819
5	Total	47,133	168,453	15,869	738,836	218,906
6	<u>Small Commerical</u>					
7	Inside Municipal Borders	17,449	67,018	4,104	219,747	120,959
8	Outside Municipal Borders	163	9,210	4,471	137,477	55,582
9	Total	17,612	76,228	8,575	357,224	176,541
10	<u>Large Commerical</u>					
11	Inside Municipal Borders	67,184	99,819	19,706	0	0
12	Outside Municipal Borders	0	148,610	0	0	0
13	Total	67,184	248,429	19,706	0	0
14	<u>Industrial</u>					
15	Inside Municipal Borders	0	0	0	209,425	8,201
16	Outside Municipal Borders	0	0	0	0	537,298
17	Total	0	0	0	209,425	545,499
18	<u>Ag Heating</u>					
19	Inside Municipal Borders	0	0	0	0	0
20	Outside Municipal Borders	0	0	0	2,157,651	4,410,996
21	Total	0	0	0	2,157,651	4,410,996
22	<u>Ag Drying</u>					
23	Inside Municipal Borders	37,562	0	0	335,384	69,559
24	Outside Municipal Borders	11,809	0	75,649	789,289	350,195
25	Total	49,371	0	75,649	1,124,673	419,754
26	<u>Interruptible</u>					
27	Inside Municipal Borders	0	41,537	62,345	0	0
28	Outside Municipal Borders	56,110	443,856	157,083	0	0
29	Total	56,110	485,393	219,428	0	0
30	Total Throughput	237,410	978,503	339,227	4,587,809	5,771,696
31	Total Throughput Inside Municipal	165,669	343,709	98,230	1,182,920	352,806
32	Total Throughput Outside Municipal	15,631	634,794	240,997	3,404,889	5,418,890
33	Total Throughput	181,300	978,503	339,227	4,587,809	5,771,696
34	% Inside Municipal Throughput	91.38%	35.13%	28.96%	25.78%	6.11%
35	% Outside Municipal Throughput	8.62%	64.87%	71.04%	74.22%	93.89%
36	Total	100.00%	100.00%	100.00%	100.00%	100.00%

1/ Community Co-ops' accounting system does not customers and revenues by customer class or within or outside municipal borders. Community Co-ops response was prepared using actual data from its larger customers and estimates for the other customer classes.

Summary of small gas utilities responses to staff's information requests

	<b>Community Co-ops</b> (1)	<b>UNG</b> (2)	<b>LRES</b> (3)	<b>Dooley's I</b> (4)	<b>Dooley's II</b> (5)
Response to Staff Request #5 - Discussion on has the utility met its projections providing service	Believes it will meet Company projection in 3 years, but, did not project on a inside/outside basis	Municipal residential customers are lowered than projected, but incidental customers have been greater than expected, but believes residential customer will increase.	Municipal participation has been slower than anticipated, but incidental has been greater than anticipated - believes municipal customers will increase over time and will reach projections within 3 to 5 years	Operates at near capacity, believes further growth will be slow.	Municipality participation is about 1/2 of eligible customers, rural has exceeded projections
Response to Staff Request #6 - Are there different rates for customers inside and outside municipalities' borders.	Charges the same rates inside/outside customers	Charges the same rates inside/outside customers	Charges the same rates inside/outside customers	Charges the same rates inside/outside customers	Charges the same rates inside/outside customers
Response to Staff Request #8 - Municipalities Governance Structure	7-member rate board - 4 city council, 2 Co-ops directors, Co-op manager..meet annually....all members present for meeting...no member of public in attendance...sends out meeting notice prior to meeting	6-member rate board-2 from UFC, each municipality and township and Lower Sioux..met once with no public notice...all attended except Lower Sioux...plan to meet annually.	Each municipality will have a board member...have not met...no planned changes	Formed the Clara City PUC (CCPUC), consist of 2 city council member, City administrator, two rate consultants who decide if Dooley's I can raise rates	No formal rate committee, meet annually at regular city council meeting where Dooley's II discusses annual financial results and consider any proposed rate change
Response to Staff Request #9 - Customer Compliants	No written compliants, just questions regarding usage, which are verbally resolved.	One compliant regarding the difference between gas and propane...did not understand why his gas usage was higher than propane...difference was explained and the issue was resolved	Has received 17 compliant over the 2017/2018 winter...two areas (1) clarification of the cost of natural gas (customers received incorrect billing information from LRES contractor); (2) clarification of billing statement wording (customers did not understand their bills)	77 Compliants related to increased gas costs - caused by price spikes in December 2017...these compliants were verbally dealt with.	60 Compliants related to increased gas costs - caused by price spikes in December 2017...these compliants were verbally dealt with.
Response to Staff Request #10 - Service Extension Policy	Did not provide	All customers received a 250 foot allowance..For residential service extension over 250 feet, UNG may require the customer to pay \$5 per foot for excess...For non-residential all customers receive an estimate of additional cost prior to installation	As an initial promotional incentive, LRES provided a 200 foot extension allowance if customers took service while contractor was present during construction. Tariff provides for a 100 foot allowance and \$5 per foot for any excess.	75 feet measured from the property line or 105 feet from the center of the publicly dedicated street, alley, or public or private utility easement, whichever is greater...may require a CIAC of \$4 per foot for excess	75 feet measured from the property line or 105 feet from the center of the publicly dedicated street, alley, or public or private utility easement, whichever is greater...may require a CIAC of \$4 per foot for excess
Response to Staff Request #11 - Incidental Service Extension Policy where service extension exceeded the allowance	No such service line extension but have required a few customers to sign a 3 year minimum use agreement	123 incidental services, 100 were within the 250 foot allowance; 23 paid for the excess over the allowance	50 incidental services with 6 pay for excess extensions over the allowance	None	2 customers exceed and 2 customers that did not exceed allowance.
Response to Staff Request #12 - Incidental Service Extension Policy - highest service extension paid and the average amount paid by customers.	referenced #11 - not such service line extension	highest was \$48,000 (grain dryer) and average is \$7,800 (large commercial or interruptible)	highest was \$1,625 and average is \$745.	\$0	highest was \$4,186 and average was \$2,110

Summary of small gas utilities responses to staff's information requests

	<b>Community Co-ops</b> (1)	<b>UNG</b> (2)	<b>LRES</b> (3)	<b>Dooley's I</b> (4)	<b>Dooley's II</b> (5)
Response to Staff Request #13 - Future Annual Compliance Filings for Small Gas Utility Companies	Would not be opposed to providing customer counts, even broken between inside/outside municipal border. Revenues and throughput by customer class is not easy to obtain because of Acctg. System - based on estimates. Appropriate timing May 1 or within 4 months of the end of the year....lengthly report would increase costs to its customers.	Annual compliance filing should be limited to information required to maintain franchise exemption..limited to total customers, total customers within the municipalities' border, explanation of any rate or tariff changes, compliance cerification, and cold weather rule..thirty days before the end of the year.	Required compliance information should continue to be collected, such as: customer counts by customer class with applicable rates, annual gas and non-gas revenues by customer class, net plant in service by year and accumulated depreciaton...April or May compliance filing...but information should be provided in total instead split between inside/outside municipalites' borders.	Did not provide a response	Did not provide a response
Response to Staff Request #14 - UNG's annual audit report - Order filing requirement		internal audit report was efiled on 12/22/17 and was approved by the UNG Rate Board			
Response to Staff Request #15 - UNG's Municipalities' Letter requirements - Order requirement		City of Lafayette letter was filed on 12/15/17 and City of Courtland was letter on 1/8/18.			