

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: **August 27, 2015***Agenda Item # 7

Companies: Greater Minnesota Gas, Inc.

Docket No. G022/M-14-964

In the Matter of Greater Minnesota Gas Inc.'s 2013 Annual Gas Service Quality Report

Issues: Should the Commission Accept Greater Minnesota Gas Company's Annual Gas Service Quality Report?

Staff: Marc Fournier651-201-2214

Relevant Documents

Commission Order Setting Reporting Requirements
G-999/CI-09-409..... August 26, 2010

Commission Order Setting Reporting Requirements
(Great Plains Gas Company and Greater Minnesota Gas)
G-999/CI-09-409..... January 18, 2011

Greater Minnesota Gas Company's
2013 Annual Service Quality Report.....November 13, 2014

Comments of the Minnesota Department of Commerce
Division of Energy Resources. March 16, 2015

Reply Comments of Greater Minnesota Gas Company..... March 26, 2015

Response Letter Minnesota Department of Commerce. April 22, 2015

The attached materials are workpapers 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.

This document can be made available in alternative formats (e.g., large print or audio) by calling 651-296-0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.

Statement of the Issues

Should the Commission accept Greater Minnesota Gas Inc.'s Annual Service Quality Report for 2013?

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 Interested parties in Docket No. G999/CI-09-409. During the August 5, 2010 Commission Meeting, Greater Minnesota (Greater Minnesota, GMG, or Company) argued that, due to its size relative to Minnesota's larger regulated gas utilities, certain reporting requirements should be modified. GMG described itself as a small gas utility with fewer than 4,000 customers, only 11 full time employees and no call center. The Commission's subsequent August 26, 2010 Order required Greater Minnesota Gas to submit proposals for natural gas service quality reporting by August 31, 2010.

The Commission took up GMG's proposal for relaxed reporting requirements on December 21, 2010. The Commission issued its Order setting Reporting Requirements on January 18, 2011. In this Order, the Commission determined that Greater Minnesota Gas must provide service quality information in generally the same manner as other Minnesota gas utilities except the Commission allowed GMG to keep track of all calls answered during an annual reporting period and to track calls answered on or before the sixth ring. GMG was also allowed to begin tracking and reporting the total number of customer complaints resolved for the categories listed in Minn. Rules, part 7826.2000, item B.

On April 25, 2011, Greater Minnesota Gas filed its calendar year 2010 Annual Service Quality Report. On March 6, 2012, the Commission issued an Order Accepting Reports and Setting Further Requirements. In this Order, the Commission accepted this report and required that Greater Minnesota provide, in subsequent service quality reports, a breakdown of what type of party (e.g., third-party contractor, utility personnel, or customer) caused each particular gas line damage event to the Company's distribution system.

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; GMG did not attend the workgroup meeting.

On November 13, 2014, the Company filed its calendar year 2013 Annual Service Quality Report (Report). The Commission's 09-409 Order explicitly stated that Greater Minnesota shall file annual service quality reports on May 1 of each year. In its cover letter, the Company stated that its records indicated that it had originally filed the Report several months earlier.

Greater Minnesota Gas, Inc. (GMG) 2012 Gas Service Annual Report

DOC Summary and Conclusions Regarding Greater Minnesota Gas' 2013 Annual Service Quality Report

Based on its review of Greater Minnesota's 2013 Annual Service Quality Report, the DOC recommended that the Commission accept the Company's Report pending the provision of additional information in Reply Comments. Specifically, the DOC requested that the Company provide the following in Reply Comments:

1. A full discussion explaining why there was a significant increase in the number of calls to its business line in 2013 compared to 2012;
2. A full explanation of the reasons for the relatively high number of estimated bills in 2013 and whether the Company intends to improve the proportion of actual reads going-forward;
3. Specific extension information for calendar year 2013 in the same manner and format that the Company provided in previous Annual Service Quality Reports;
4. A clarification of the Company policies regarding customer deposits, namely, how it defines a "period of satisfactory payment history," whether deposits are required for all new customers, and what triggers a request for a deposit for existing customers;
5. A clarification of the make-up of customer deposits during 2013, namely whether the deposits were for new or existing customers;
6. A detailed discussion of the cost and time involved with bringing its complaint reporting standards in line with those of other Minnesota gas utilities; and
7. A more detailed explanation of the meter riser installation that resulted in a long response time and what steps were taken to correct the issue.

In response to Greater Minnesota's reply, the DOC recommends based Greater Minnesota's provision of clarifying information that the Commission accept the Company's Report in fulfillment of the requirements of the Commission's 09-409 Order, with the exception of the section on service extension requests (number 3 above). The DOC recommends that the Commission require Greater Minnesota to comply with the 09-409 Order going forward by providing the required information, similar to what the Company provided in Docket No. G022/M-12- 1130.

GMG: GMG respectfully submits that the unique nature of its service extensions make it difficult to pigeonhole its statistics into a reporting metric that allows meaningful comparison. When GMG

extends service to a new area, it is generally extending service to an entire new rural area rather than to a new development on the edge of an existing service area. Therefore, GMG installs an entire new main to an area and then runs individual service off of it. When a new project is designed, which may be during the preceding fall or winter, GMG begins working with a community to engage its business and residential customers, essentially beginning to “sell” service and receive commitments many months in advance of the main installation. Customers are aware that the main will be installed several months later and that, after the main installation is complete, their individual services will be run. Consequently, the requested metric does not easily translate into reportable data based on GMG’s construction and sales model. Because services are installed following main construction, a customer’s installation is immediately ready for service upon completion of the service construction. Similarly, GMG markets to on-main customers who do not currently use gas all year and customers often request service during a non-construction season, being slated for installation during the approaching construction season. There isn’t a request interval per se because the service requests were made as part of the entire project development throughout the year.

GMG respectfully suggests that it work with the Department and/or Commission staff to specifically identify what is trying to be measured by the reporting metric and whether a meaningful comparison to other utilities is actually possible. If the goal of the service extension time reporting requirement is to confirm that GMG is being responsive to customers requesting service, then perhaps a metric should be cooperatively developed that is suited to installation of main and services in an unserved community versus forcing the application of a metric developed for a different utility model. GMG’s continued delivery of gas to unserved rural areas coupled with its lack of complaints about the time for service extension provides empirical evidence that it meets customer expectations.

GMG notes that it utilized the same reporting format for 2013 that was used in 2012 without objection. GMG assumes that the Department’s request for reporting that is similar to prior reporting was a reference to its 2011 reporting in the service extension area. The difference in project development and sales used in 2013 was not similar to that in 2011, so comparative data is not available. In an effort to provide some additional information, GMG offers that in 2013, it installed service to 229 customers that were result of new main installations as explained above. It also installed service to 176 customers that were on-main customers that did not previously have natural gas service. All service installations scheduled for the 2013 construction season were completed prior to the conclusion of the season.

Staff Analysis

The Service Extension Standard is as follows:

Standard: Each utility shall report the service extension request response time data contained in Minn. Rules, part 7826.1600, items A and B., except that data reported under Minn. Stat.216B.091 and 216B.096, subd.11, is not required.

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 interval between the date service was installed and the date the premises were ready for service.

Changing Reporting Formats for Service Extension Response Time

Directly below is the manner in which GMG Service Extension Response Time was provided in the 2011 report (Docket No. G022/M-12-1130). As one can see, it is in table format:

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

A.					
<u>Residential,Small CO</u>	<u>Sold</u>	<u>Installed</u>	<u># Cust</u>	<u>Days to Complete</u>	
Limestone Lane	4/5/2011	5/6/2011	1	41	
R&R Farms	5/24/2011	9/30/2011	2	128	Customer request fall installation
Sisters Lane	9/2/2011	11/11/2011	4	70	State permit/hwy 13
Caribou Trail (2)	10/14/2011	10/24/2011	1	10	
Sheildsville	8/15/2011	10/1/2011	85	46	
			103	64	Avg.
<u>Agriculture</u>	<u>Sold</u>	<u>Installed</u>			
R&R Grain Dryer	5/24/2011	9/30/2011	1	128	Customer requested fall installation
Vetter 354 th	8/5/2011	9/16/2011	1	41	
Vetter Shanaska Crk.	9/6/2011	9/26/2011	3	20	
Sheildsville	8/15/2011	10/1/2011	3	46	
			8	59	Avg.

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 interval between the date service was installed and the date the premises were ready for service. GMG installed service lines

to a total of 170 customers along the existing main. Taking in account that customers may request a specific date of installation or in the case of new builds there may be a waiting period for site readiness, the average number of days for installation was 39 for 2011. All requests for services for 2011 were installed prior to the end of the construction season and all customers were accommodated as such.

In contrast, GMG reported its Service Extension Response Time as more of a narrative in the 2012 report (Docket No. G022/M-13-362):

In response to (A): In 2012, GMG extended service in five (5) locations in 2012 not previously served by the utility. The service line is installed congruent with the main line, therefore the premises were immediately ready for service.

In response to (B): In 2012, in regard to change of responsibility/occupancy requests, GMG estimates that it processed an estimated 800 requests. GMG does not lock or stop service between transfers. The account responsibility is transferred on the day agreed to by the former and subsequent tenant. Therefore, there are zero (0) days delay in completing this task. In the event that gas service is shut-off due to a foreclosure, GMG may require the third party/bank to provide assurance that the premise has been inspected by a qualified plumbing/heating contractor and is safe condition for the gas service to be turned on. In addition, we require that the third party/bank, or a qualified contractor hired on their behalf, meet a GMG technician at the location for the meter unlock/turn on. GMG accommodates the customer's schedule but does request a courtesy twenty-four notice whenever possible.

In the DOC's Comments dated June 27, 2013 regarding service extension requests, the DOC stated that the Department will continue to monitor this metric for emerging patterns or trends in future reports and will provide future recommendations as necessary. Staff believes that the DOC response seems to imply that GMG's reporting methodology was at least adequate for 2012 and beyond.

In the 2013 report, GMG again reported on the metric in a narrative format (Docket No. G022/M-14-964):

In 2013, GMG extended service to two general locations that were not previously served by it. Service lines are installed coincidentally with main installation. As a result, the premises were immediately ready for service upon completion of installation in both areas.

With regard to customers requesting service to a location previously served by GMG, GMG does not believe that there were any delays in the premises being ready for service. GMG does not lock or stop service between transfers of property owners or occupants. Responsibility for the customer account is transferred on the date agreed to by both parties to the transfer. As a result, there is no delay in providing service to the location. Similarly, in the event that gas service to a previously served location was shut-off due to a foreclosure, GMG may require the subsequent owner to provide assurance that the premises has been inspected by a qualified plumbing/heating contractor and is in a safe

condition for the gas service to be turned on. In addition, GMG requires the subsequent owner, or a qualified contractor hired on the owner's behalf, meet a GMG technician at the location for the meter unlock and service turn up. GMG accommodates the customer's schedule but does request a courtesy twenty-four notice whenever possible.

It appears that GMG has gone back to the format used in its 2011 filing for 2014. It appears, based on comments filed by the DOC filed on July 22, 2015, that the DOC is satisfied with GMG's filing with respect to service extensions. In those comments the DOC stated the following:

In Docket No. G022/M-14-964 (2013 Annual Service Quality Report) and in this Report, Greater Minnesota expressed concern that this reporting requirement may not be the best means of determining whether service is being extended to customers in a timely manner. The Company also noted that it has not received complaints regarding the length of time needed to extend service to a new customer. The Department acknowledges that there may be a better measure of service extension activity and timeliness, and encourages Greater Minnesota to propose alternate reporting standards that would satisfy the Commission's requirements while better fitting the Company's operational characteristics. (July 22, 2015 Comments of Minnesota Department of Commerce in Docket No. G022/M-15-434).

The information provided for 2014 is similar to the information provided in 2011. Staff believes that the issue has been adequately addressed by GMG.

Whether to Consider Changing the Service Extension Response Time Metric for GMG

GMG asked in its filing that it be allowed to proposed a new service extension response time metric.

Greater Minnesota Gas (GMG) is a Company with slightly less than 6,000 customers. GMG is closer in stature and service territory to a typical LP Gas Company than the largest natural gas distribution company in the state, CenterPoint Energy (CPE). GMG provides gas service to unserved rural areas. As such, the evolution of GMG's service territory is much different than a company such as CPE or any of the large gas distribution companies. As GMG stated in its reply comments, when it extends to service to a new area, it is generally extending service to an entire new rural area rather than to a new development on the edge of an existing service area. This results in GMG installing an entire new main to an area and runs individual service off of it.

As Staff understands the process, customers are aware that the main will be installed and after the main installation is complete, individual customer drops will be run. However, the requested metric does not conform perfectly with reportable data based on GMG's construction and sales model. Once construction is completed, customer connection is ready for service. Also, GMG markets to on-main customers who do not use gas all year and these customers often request service during a non-construction season. As such, there no clearly defined request interval because service requests are made part of an entire project throughout the year.

Finally the question must be asked; what is service extension request response time trying to

measure and is this company comparable to other gas distribution companies? It appears from the data and information provided that the Company is being responsive to customer requesting service after the service has been installed. As the Company suggested, it may prove useful that a metric cooperatively be developed that measures installation of main and service within an unserved rural areas. Also, the lack of complaints regarding timely service extensions indicates a high degree of customer satisfaction.

Given that context, staff is not opposed to GMG proposing a new metric for service extension requests. The Commission need not commit at this time to adopting a new metric; it would merely be signaling that it is willing to hear a proposal. Staff would recommend that GMG consult with the Department or research other states' metrics before submitting a proposal.

Commission Options

1. Accept GMG's 2013 Gas Service Quality Report.
2. Accept GMG's 2013 Gas Service Quality Report with the exception of service extension requests and require the Company to comply with the 09-409 Order going forward by providing the required information, similar to what the Company provided in Docket No. G022/M-12- 1130.
3. Do not accept GMG's 2013 Gas Service Quality Report.
4. Allow GMG to propose a new metric for service extension response time. GMG may consult with the Department and/or research other states' metrics as part of its proposal. GMG shall file a proposal within 120 days of the date of the Commission's Order in this docket. The proposal shall be filed in a new docket number.

Recommendation

Staff recommends that the Commission adopt alternatives 1 and 4.