

September 1, 2020

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

**RE: Response Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) to Gas Utilities' Reply Comments**  
Docket No. G999/CI-18-41

Dear Mr. Seuffert:

Attached please find the Response Comments of the Division of Energy Resources of the Minnesota Department of Commerce (Department) to the gas utilities' reply comments in the matter of the *Commission Investigation into Natural Gas Utilities' Practices, Tariffs, and Assignment of Cost Responsibility for Installation of Excess Flow Valves and Other Similar Gas Safety Equipment*.

The Department requests that the Minnesota Public Utilities Commission (Commission) receive these response comments, which are intended to help complete the record in this matter, with revised recommendations to the original recommendations included in the Department's Comments filed on July 16, 2020, in response to reply comments of the utilities.

The Department recommends that the Commission adopt the Department's revised recommendations, as discussed in detail herein and summarized at the end of this document. The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ Samir Ouanes  
Public Utilities Rates Analyst

SO/ar  
Attachment



Before the Minnesota Public Utilities Commission

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Comments of the Minnesota Department of Commerce  
Division of Energy Resources

Docket No. G999/CI-18-41

**I. BACKGROUND**

On July 16, 2020, the Minnesota Department of Commerce, Division of Energy Resources (the Department) filed its Comments with the Minnesota Public Utilities Commission (Commission) in response to the June 15, 2020 Notice of Comment Period in the present docket.

The following gas utilities filed reply comments:

- Northern States Power Company, d/b/a Xcel Energy, reply comments filed on July 27, 2020;
- Great Plains Natural Gas Co., reply comments filed on July 27, 2020;
- Minnesota Energy Resources Corporation, reply comments filed on July 27, 2020;
- Greater Minnesota Gas, reply comments filed on July 27, 2020; and
- CenterPoint Energy Minnesota Gas, reply comments filed on August 3, 2020.

Based on review of each of the above-referenced reply comments, the Department's Response Comments contain revised recommendations to the original recommendations below, that were included in the Department's Comments:

The Department concludes that Xcel and MERC complied with Ordering Point 4 of the 2019 Order [July 31, 2019 Order in Docket No. G999/CI-18-41]. As a result, the Department recommends approval of Xcel's March 30, 2020 and MERC's March 31, 2020 compliance reports.

The Department expects to recommend approval of CPE's March 31, 2020 compliance report, after CPE provide in reply comments an update to its December 18, 2018 compliance report and March 28, 2019 reply comments as it relates to:

- Ordering Paragraph 7.a,
- Ordering Paragraph 7.b (estimated costs of its communication plan),  
and
- where the costs can be found in CPE's concurrent rate case.

The Department expects to recommend approval of Great Plains' March 31, 2020 compliance report, after Great Plains provide in reply comments an update to its December 18, 2018 compliance report and March 28, 2019 reply comments as it relates to:

- Ordering Paragraph 7.a,
- Ordering Paragraph 7.b (estimated costs of its communication plan), and
- Ordering Paragraph 7.c of the 2018 Order [August 20, 2018 Order in Docket No. G999/CI-18-41].

The Department expects to recommend approval of GMG's March 31, 2020 compliance report, after GMG provide in reply comments an update to its February 11, 2019 compliance report and March 28, 2019 reply comments as it relates to:

- Ordering Paragraph 7.a, and
- Ordering Paragraph 7.b (estimated costs of its communication plan) of the 2018 Order.

The Department concludes that the utilities' outreach actions are sufficient and adequate per their ongoing annual compliance with Ordering Paragraph 7.b of the 2018 Order, as required by Ordering Paragraph 4 of the 2019 Order.

In light of the MNOPS's responsibilities and involvement regarding safety issues, as well as the ongoing utilities' annual safety compliances required by the 2019 Order, the Department concludes that the utilities are addressing the Commission's safety concerns.

The Department does not have any other issues to address.

The Department recommends that the Commission adopt the Department's revised recommendations, as discussed in greater detail herein and listed at the end of this document.

## **II. DEPARTMENT ANALYSIS – XCEL**

### *A. BACKGROUND*

As explained on page 7 of our Comments, the Department noted that the number of customers that do not already have EFVs (and are eligible under the Federal standards) or manual shutoff valves in Xcel's March 30, 2020 compliance report (Table 1) remained the same as the number Xcel provided in its December 18, 2018 compliance report. However, the totals for BSC-Managed and Non-Managed

appeared to continue to be incorrect. As a result, the Department recommended that Xcel verify in reply comments the totals for the BSC-Managed and Non-Managed and provide corrections as needed.

*B. DEPARTMENT ANALYSIS*

In their reply comments at page 2, Xcel corrected Table 1 and stated that:

This table [corrected Table 1] includes the final count of premises in our communication plan. In June of 2019 we revised the premise counts after completing an additional review of our list, per our commitment to do so in our March 28, 2019 Reply Comments, Page 2. In our March 30, 2020 Compliance Filing we inadvertently used the prior version of the table, filed in our December 18, 2018 compliance filing in this docket. We apologize for any confusion this may have caused. Please note that is the count of premises, not customers. Some larger customers, such as school districts with various locations, may have multiple premises and would be counted more than once in this table.

The Department appreciates Xcel's correction of Table 1.

**III. DEPARTMENT ANALYSIS – MERC**

*A. BACKGROUND*

On page 13 of our Comments, the Department noted that MERC identified the following cost estimates under Table 4 of its March 31, 2020 compliance report, which are many magnitudes higher than that of Xcel Gas: \$443,520 for the face-to-face meetings including drive time and \$63,450 for the engineering analysis to confirm EFV eligibility, totaling \$506,970.

*B. DEPARTMENT ANALYSIS*

In their reply comments at pages 2-3, MERC stated that:

MERC does not believe that comparing its cost estimate for customer outreach to Xcel's presents an apples-to-apples comparison. MERC does not have the resources internally to conduct the customer outreach, which is why MERC has contracted with the third party contractor, EN Engineering, to perform the work. In contrast, Xcel has internal resources available to undertake these outreach efforts, so its incremental costs include only printing, mailing, and postage. Additionally, MERC's cost estimate includes the cost of the engineering analysis, which is to be performed by a third party contractor, whereas Xcel's cost estimate was for a communication plan only.

MERC also reiterates that its service territory is widely dispersed which contributes to the cost estimate via travel costs attributable to face-to-face meetings. Given the adjustment to its outreach efforts of replacing face-to-face meetings with telephone meetings, MERC expects the costs for the customer outreach efforts to be reduced from the \$506,970 total cost estimate. An exact cost reduction is not known at this time and will depend on whether and when the Company can safely resume in person face-to-face meetings with customers. MERC will provide a further update in its March 31, 2021 compliance report. MERC is receiving cost recovery of the EFV outreach via GUIC Rider surcharges, and estimated forecast costs will be trued-up to actuals during the GUIC true-up filing, ensuring no over-recovery of costs occurs.

The Department appreciates MERC's clarification regarding its cost estimates, still noting the high costs of MERC's program.

#### **IV. DEPARTMENT ANALYSIS – CPE**

##### *A. IDENTIFICATION OF CUSTOMERS*

In our Comments at page 14, the Department noted that CPE did not update or indicate that there were no changes to its identification in its December 18, 2018 compliance report of all K-12 schools, universities and colleges, hospitals, and multi-unit residential and nursing facilities customers within its service territory that do not already have EFVs (and are eligible under the Federal standards) or manual shutoff valves. Therefore, the Department recommended that CPE complete the record in reply comments by providing an update to its December 18, 2018 compliance report as it relates to Ordering Paragraph 7.a of the 2018 Order.

CPE provided the requested updates in its August 3, 2020 Reply Comments at pages 2-3.

##### *B. COST UPDATE*

In our Comments at page 15, the Department noted that CPE did not update the cost of its communication plan. To complete the record, the Department recommended that CPE provide in reply comments an update to its estimated costs of face-to-face meetings.

The Department also noted that CPE did not address Ordering Paragraph 7.c of the 2018 Order allowing the utility to propose as part of the plan a recovery mechanism for the additional requirements of the 2018 Order which may include deferring costs to a regulatory account to be addressed in its next rate case or through its GUIC or another appropriate rider. However, the Department noted that CPE has a current rate case in Docket No. G008/GR-19-524; as a result, the Department requested that CPE indicate in reply comments where these costs can be found in the rate case.

In their reply comments at pages 3-4, CPE stated:

The Company does not plan, at this time, to request a gas utility infrastructure cost rider or deferred accounting in connection with its customer communication efforts around EFVs and so has not been tracking all of the costs for this effort separately.

Most of the cost associated with the outreach effort so far has been salaried employee time.

These costs include time for Key Account Managers (“KAMs”) to reach out to customers. The Company is not tracking these costs separately, and they are reflected in the rate case as part of employee labor expenses.

As described in the Company’s March 31, 2020 Compliance Filing, the Company has hired a vendor to complete outreach to identified customers who do not have a KAM. The Company has paid approximately \$2,500 to the vendor as of July 24, 2020 and anticipates paying approximately \$100,000 total to this vendor over the course of the contract. These amounts were not included in the Company’s rate case Petition because the Company not yet secured a contractor or incurred any of these costs at the time of the rate case filing.

The table below summarizes the Company’s revised cost estimate for EFV communication efforts:

Customer Group	Time Frame for Meetings	Total Cost for Meetings
Customers Assigned to KAMs	All meetings complete in four years	\$68,000
Customers Not Assigned to KAMs	All meetings complete In two years	\$100,000
Total Estimated Costs		\$168,000

The Department concludes that CPE completed the record as requested.

As a result, the Department recommends approval of CPE’s March 31, 2020 compliance report as completed by its August 3, 2020 reply comments.

## **V. DEPARTMENT ANALYSIS – GREAT PLAINS**

### *A. IDENTIFICATION OF CUSTOMERS*

In our Comments at page 16, the Department noted that Great Plains did not update or indicate that there were no changes to its identification in its December 18, 2018 compliance report of all K-12 schools, universities and colleges, hospitals, and multi-unit residential and nursing facilities customers within its service territory that do not already have EFVs (and are eligible under the Federal standards) or manual shutoff valves. Therefore, the Department recommended that Great Plains complete the record in reply comments by providing an update to its December 18, 2018 compliance report as it relates to Ordering Paragraph 7.a of the 2018 Order.

Great Plains provided the requested updates in its July 27, 2020 Reply Comments at page 1.

### *B. COST UPDATE*

In our Comments at page 17, the Department noted that Great Plains did not update the cost of its communication plan. To complete the record, the Department recommended that Great Plains provide in reply comments an update to its estimated costs of face-to-face meetings.

The Department also noted that Great Plains did not address Ordering Paragraph 7.c of the 2018 Order allowing the utility to propose to surcharge its customers for costs of the additional requirements of the 2018 Order. To complete the record, the Department recommended that Great Plains provide in reply comments an update to its March 28, 2019 proposed recovery mechanism.

In their reply comments at page 2, Great Plains stated:

In compliance with Ordering Paragraph 7 b, Great Plains' incremental costs related to face-to-face meetings with the identified customer categories have been minimal. At this time, the Company does not anticipate significant costs for the communication plan in the future.

In compliance with Ordering Paragraph 7 c, Great Plains continues to request that the Commission consider any incremental costs due to the additional requirements that may be identified as the plan continues to be executed to be recoverable through the Company's Gas Utility Infrastructure Cost Adjustment (GUIC) as an option mentioned in the 2018 Order Paragraph 7 c.

The Department concludes that Great Plains completed the record as requested.

As a result, the Department recommends approval of Great Plains' March 31, 2020 compliance report as completed by its July 27, 2020 reply comments.



## **VI. DEPARTMENT ANALYSIS – GMG**

### *A. IDENTIFICATION OF CUSTOMERS*

In our Comments at page 16, the Department noted that GMG did not update or indicate that there were no changes to its identification in its December 18, 2018 compliance report of all K-12 schools, universities and colleges, hospitals, and multi-unit residential and nursing facilities customers within its service territory that do not already have EFVs (and are eligible under the Federal standards) or manual shutoff valves. Therefore, the Department recommended that GMG complete the record in reply comments by providing an update to its December 18, 2018 compliance report as it relates to Ordering Paragraph 7.a of the 2018 Order.

In their reply comments at page 1, GMG clarified that there were no changes to its customer identification in its December 18, 2018 compliance report:

GMG's initial list of customers falling within the scope of Ordering Paragraph 7.a. of the 2018 order included all relevant GMG customers; thus, no changes were necessary.

### *B. COST UPDATE*

In our Comments at page 19, the Department noted that GMG did not update the cost of its communication plan. To complete the record, the Department recommended that Great Plains provide in reply comments an update to its estimated costs of face-to-face meetings.

The Department also noted that GMG did not address Ordering Paragraph 7.c of the 2018 Order allowing the utility to propose to surcharge its customers for costs of the additional requirements of the 2018 Order. Thus, the Department assumed that GMG has determined that it will not surcharge its customers.

In their reply comments at page 1, GMG stated:

The Department correctly surmised that GMG does not intend to propose any surcharge to recover the costs of the additional requirements of the 2018 order related to communicating with the covered customers. As GMG indicated in its March 28, 2019 Reply Comments, it estimated the costs of its communication plan to be approximately \$500 and did not consider that to be an extraordinary cost that would be outside of its normal business operations. Accordingly, GMG did not specifically track the costs of its EFV-related discussions because it does not intend to seek recovery of them.

The Department concludes that GMG completed the record as requested.

As a result, the Department recommends approval of GMG's March 31, 2020 compliance report as completed by its July 27, 2020 reply comments.

## **VII. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

The Department reproduces the Conclusions and Recommendations section from our Comments below, revised to reflect our review of the gas utilities' reply comments.

The Department concludes that Xcel, MERC, CPE, Great Plains and GMG complied with Ordering Point 4 of the 2019 Order. As a result, the Department recommends approval of:

- Xcel's March 30, 2020 and MERC's March 31, 2020 compliance reports,
- CPE's March 31, 2020 compliance report as completed by its August 3, 2020 reply comments,
- Great Plains' March 31, 2020 compliance report as completed by its July 27, 2020 reply comments, and
- GMG's March 31, 2020 compliance report as completed by its July 27, 2020 reply comments.

The Department concludes that the utilities' outreach actions are sufficient and adequate per their ongoing annual compliance with Ordering Paragraph 7.b of the 2018 Order, as required by Ordering Paragraph 4 of the 2019 Order.

In light of the MNOPS's responsibilities and involvement regarding safety issues, as well as the ongoing utilities' annual safety compliances required by the 2019 Order, the Department concludes that the utilities are addressing the Commission's safety concerns.

The Department does not have any other issues to address.

/ar

**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  
Response Comments**

**Docket No. G999/CI-18-41**

Dated this 1<sup>st</sup> day of **September 2020**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street Bismarck, ND 585014092	Electronic Service	No	OFF_SL_18-41_Official
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Lane PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_18-41_Official
David	Blomseth	davidb@communitycoops.com	Community Co-ops of Lake Park	PO Box 329 14583 Hwy 10 W Lake Park, MN 56554	Electronic Service	No	OFF_SL_18-41_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_18-41_Official
Randy	Dooley	rdooley@dooleypetro.com	Dooley's Natural Gas LLC	3101 3rd Ave SW  Willmar, MN 56201	Electronic Service	No	OFF_SL_18-41_Official
Steve	Downer	sdowner@mmua.org	MMUA	3025 Harbor Ln N Ste 400  Plymouth, MN 554475142	Electronic Service	No	OFF_SL_18-41_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_18-41_Official
Mike	Gorham	mike@nwgas.com	Northwest Gas of Cass County L.L.C.	1608 NW 4th St  Grand Rapids, MN 55744	Electronic Service	No	OFF_SL_18-41_Official
Travis	Jacobson	travis.jacobson@mdu.com	Great Plains Natural Gas Company	400 N 4th St  Bismarck, ND 58501	Electronic Service	No	OFF_SL_18-41_Official
Jack	Kegel	jkegel@mmua.org	MMUA	3025 Harbor Lane N Suite 400  Plymouth, MN 55447-5142	Electronic Service	No	OFF_SL_18-41_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Allen	Krug	allen.krug@xcelenergy.com	Xcel Energy	414 Nicollet Mall-7th fl  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_18-41_Official
Amy	Liberkowski	amy.a.liberkowski@xcelenergy.com	Xcel Energy	414 Nicollet Mall 7th Floor Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_18-41_Official
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-41_Official
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc. & Greater MN Transmission, LLC	1900 Cardinal Ln PO Box 798 Faribault, MN 55021	Electronic Service	No	OFF_SL_18-41_Official
Catherine	Phillips	Catherine.Phillips@wecenergygroup.com	Minnesota Energy Resources	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	No	OFF_SL_18-41_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_18-41_Official
Amanda	Rome	amanda.rome@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 5  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_18-41_Official
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350  Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_18-41_Official
Rachel	Sorrentino	rachel@nwgas.com	Northwest Gas	1608 NW 4th St  Grand Rapids, MN 55744	Electronic Service	No	OFF_SL_18-41_Official
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-41_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-41_Official
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_18-41_Official
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_18-41_Official
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_18-41_Official
Tim	Thompson	tthompson@lrec.coop	Lake Region Electric Cooperative	PO Box 643 1401 South Broadway Pelican Rapids, MN 56572	Electronic Service	No	OFF_SL_18-41_Official
Teresa	Wenninger	teresa.wenninger@ufcmn.com	United Farmers Cooperative	PO Box 461  Winthrop, MN 55396	Electronic Service	No	OFF_SL_18-41_Official
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	No	OFF_SL_18-41_Official