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July 27, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

VIA ELECTRONIC FILING

Re: In the Matter of a 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
Docket No. G999/CI-18-41

Minnesota Energy Resources Corporation's Reply Comments

Dear Mr. Seuffert:

On June 15, 2020, the Minnesota Public Utilities Commission (the "Commission") issued a Notice of Comment Period ("2020 Notice") in the above-referenced docket, requesting comments on the following topics:

- Should the Commission accept the compliance reports in the March 31, 2020 filings?
- Are the utilities' outreach actions sufficient and adequate?
- Have the utilities sufficiently addressed safety concerns?
- Are there other issues or concerns related to this matter?

The Department of Commerce, Division of Energy Resources (the "Department") submitted Comments on July 16, 2020, addressing the natural gas utilities'— including MERC's — compliance with Ordering Point 4 of the Commission's July 31, 2019, Order ("2019 Order") in the above-referenced docket. Ordering Point 4 required annual compliance reporting by March 31 each year through 2026, listing progress toward complying with Order Points 7a-c of the Commission's August 20, 2018 *Order Finding that Excess Flow Valves Comply with Federal Regulations and Taking Other Actions* ("2018 Order"). In its July 16, 2020 Comments, the Department concludes that MERC complied with Ordering Point 4 of the 2019 Order and recommends that the Commission approve MERC's March 31, 2020 compliance report.

MERC thanks the Department for its review and supports the Department's recommendations that the Commission (1) approve MERC's March 31, 2020 Compliance Report, (2) conclude that MERC's outreach actions are sufficient and adequate per its annual compliance with Order Point 7b of the Commission's 2018 Order, and (3) conclude that the utilities are addressing the Commission's safety concerns. The Company provides these brief Reply Comments in response to the Commission's 2020 Notice and the Department's July 16, 2020 Comments.

On June 2, 2020, the Commission held a planning meeting with the Minnesota Office of Pipeline Safety (“MNOPS”) and Commission-regulated natural gas utilities, which included attendance by MERC. At that meeting MERC provided a brief update on Excess Flow Valve (“EFV”) customer outreach efforts stating that, in light of COVID-19, MERC had temporarily suspended customer outreach efforts as the target customer groups were unlikely to be responsive to such outreach efforts at that time. MERC also stated that it was evaluating whether outreach meetings could be conducted by telephone, rather than face-to-face, and considering the possibility of restarting customer outreach efforts sometime in the third quarter of 2020.

MERC continues to prioritize the need to provide continued safe and reliable natural gas service to customers across Minnesota. While still subject to the developing circumstances surrounding COVID-19, MERC has re-evaluated its customer outreach efforts and has made the adjustments as follows:

- In July 2020, MERC’s third party contractor, EN Engineering, resumed customer outreach efforts.
- Customer outreach efforts are following the same steps described in MERC’s March 31, 2020 compliance filing except that meetings with customers are being conducted over the telephone rather than in-person. This change is being undertaken in light of the ongoing COVID-19 pandemic to ensure the safety of both the customers and EN Engineering.¹
- Even with the temporary suspension of customer outreach efforts from April 2020 through July 2020, MERC continues to expect to complete outreach to 20 percent of the identified customers by the end of 2020.

MERC provided information regarding the total estimated cost of \$506,970 for customer outreach efforts in its August 1, 2019 compliance filing in this docket. MERC also received approval from the Commission in Docket G011/M-19-282, MERC’s 2020 Gas Utility Infrastructure Cost Rider petition, to recover 20% of the total estimated costs (i.e. \$101,394), which are representative of one year of incremental cost, adjusted to \$95,049 to recognize the possibility of lower engineering costs in 2020 due to uncertainty created by the ongoing COVID-19 pandemic and other considerations.

The Department notes in their July 16, 2020 Comments that MERC’s cost estimate of \$506,970 is significantly higher than Xcel’s cost estimate of \$2,000 for customer outreach.² 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

¹There may be a downward adjustment in the costs incurred if in-person meetings are replaced by telephone meetings due to the decrease in travel time and expense by the contractor.

²No other utility provided cost estimates of their customer outreach efforts in their March 31, 2020 compliance filing reports, therefore Xcel is the only basis for comparison at this time. In their March 28, 2019 compliance filing report, Centerpoint Energy provided an estimate of \$139,000 for customer outreach efforts, with the effort being performed via both internal resources and third-party contractor.

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.³

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.

Please contact me at (414) 221-4208 if you have any questions regarding the information in this filing. Thank you for your attention to this matter.

Sincerely,



Joylyn C. Hoffman Malueg
Project Specialist 3
Minnesota Energy Resources Corporation

Enclosures
cc: Service List

³ Page 4 of Xcel's March 30, 2020 compliance filing.

CERTIFICATE OF SERVICE

I, Colleen T. Sipiorski, hereby certify that on the 27th day of July, 2020, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed Reply Comments of Minnesota Energy Resources Corporation on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 27th day of July, 2020.

/s/ Colleen T. Sipiorski

Colleen T. Sipiorski

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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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
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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
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