

April 22, 2015

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 7th Place East
St. Paul, Minnesota 55101-2147

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G022/M-14-964

Dear Mr. Wolf:

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

2013 *Annual Gas Service Quality Report* (Report) submitted by Greater Minnesota Gas, Inc. (Greater Minnesota or the Company).

The initial filing was submitted on November 13, 2014 by:

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

In an effort to better complete the record in this proceeding, the Department recommends that the Commission accept these *Response Comments*. Based on the Greater Minnesota's provision of clarifying information in its *Reply Comments*, the Department now recommends 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. The Department 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.

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

Sincerely,

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

AJH/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

RESPONSE COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. G022/M-14-964

I. BACKGROUND

On November 13, 2014, Greater Minnesota Gas, Inc. (Greater Minnesota or the Company) filed its 2013 Annual Gas Service Quality Report (Report). The Minnesota Department of Commerce, Division of Energy Resources (Department) filed *Comments* on March 16, 2015 responding to this Report. The Department recommended that the Minnesota Public Utilities Commission (Commission) accept Greater Minnesota's Report pending the provision of additional information. Specifically, the Department requested the following additional information:

- A full discussion explaining why there was a significant increase in the number of calls to its business line in 2013 compared to 2012;
- 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;
- Specific extension information for calendar year 2013 in the same manner and format that the Company provided in previous Annual Service Quality Reports;
- 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;
- A clarification of the make-up of customer deposits during 2013, namely whether the deposits were for new or existing customers;
- 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
- 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.

Greater Minnesota responded to these requests in its March 26, 2015 *Reply Comments*. The Department responds to the Company's *Reply Comments* below.

II. RESPONSE TO GREATER MINNESOTA'S *REPLY COMMENTS*

The Department responds separately to each issue raised in its *Comments* below.

A. *NUMBER OF PHONE CALLS TO GREATER MINNESOTA BUSINESS LINE*

The Company provided a lengthy discussion in its *Reply Comments* regarding the significant increase in the number of calls to its business line in 2013 compared to 2012. Greater Minnesota responded that all calls to the Company go through its main phone line, whether the calls come from new or existing customers or from prospective customers inquiring about service from Greater Minnesota. The Company's discussion suggests that significant customer growth between 2012 and 2013 was a primary cause for the increase in call activity. Greater Minnesota also noted that in 2013 its website did not accommodate an electronic "Contact Us" option and electronic payment options were handled via phone. Assuming changes have been made to the website, this should have a downward influence on the number of phone calls going forward. After reviewing the Company's response, the Department concludes that Greater Minnesota's explanation is reasonable and the Department does not have further comment on this topic.

B. *ESTIMATED METER READS*

In terms of estimated meters, Greater Minnesota explained there were two primary reasons for estimated meter reads during 2013. First, during the summer months, the Company assigned its personnel to perform other necessary tasks during the construction season. Greater Minnesota further clarified that during the summer months the Company did not estimate bills in consecutive months. Second, the Company explained that during November and December 2013 there were a few days where weather conditions were deemed dangerous for its employees, which resulted in an increase in estimated meter reads. The Company also explained that it intends to increase the proportion of actual meter reads on a going-forward basis, and Greater Minnesota has begun the process of deploying an automatic meter reading (AMR) system as part of its 2015 capital budget. The AMR system and plans to increase the number of actual meter reads should decrease the number of estimated meter reads in the future. Based on the Company's explanation, the Department does not have additional discussion on this topic.

C. *SERVICE EXTENSIONS*

In its Report, the Company provided a brief discussion of its service extension requests during calendar year 2013. Greater Minnesota stated that it extended service to two new locations but did not provide an estimate of the number of customers connected at locations previously served. The Department noted that the Company's discussion did not comply with the reporting requirements, nor is it as detailed as the information in previous service quality reports. Specifically, the Company did not provide a breakdown of the number of customers extended service in both new and existing areas; as such, the Department recommended that Greater Minnesota provide service extension information for

2013 in the same manner and format that the Company reported in previous service quality reports in its *Reply Comments*.

Greater Minnesota provided extensive discussion on this topic in its *Reply Comments*. The Company began its discussion by noting that the unique nature of its service extensions makes it difficult to fit its statistics into a reporting metric that allows meaningful comparison. Specifically, Greater Minnesota represented that when it extends service to a new area, it generally extends service into a new rural area rather than a new area, or development, on the fringe of existing service territory. The Company stated that the reporting requirement does not readily translate to its construction model because prospective customers are aware of an expansion several months in advance and may have signed up for service weeks or months prior to service beginning. Greater Minnesota also suggested that, in an effort to find an appropriate metric, the Company work with the Department and/or Commission Staff to identify what is trying to be measured by the reporting metric. The Company concluded its discussion by providing metrics on service extensions and noting that the service extension data it provided in this report was similar to what was provided in the 2012 Annual Service Quality Report. Greater Minnesota surmised that the Department's request for data in a manner similar to previous reports referred to data provided in the 2011 Annual Service Quality Report. The Company stated that it extended service to 229 customers that were the result of new main installations, and it extended service to 176 customers that were on-main customers that did not previously have natural gas service.

The Department appreciates the Company's extensive discussion and clarification on this topic. Although the Company's construction and growth policies may be different than other regulated gas utilities, Minnesota Rule 7826.1600, items A and B is clear regarding the information that the Commission requires. Further, GMG indicated the following in its September 29, 2010 *Comments* in Docket No. G999/CI-09-409:

GMG does not currently track service extension response time information. GMG has determined it can provide information for this performance standard. GMG requests additional time to develop and implement processes to track and report service extension response time data. GMG proposed to begin tracking the required information effective on January 1, 2011 for the next reporting period.

Ordering paragraph 1(e) of the Commission's January 18, 2011 *Order* in that docket (09-409 *Order*) stated the following:

Both Great Plains and GMG 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. This requirement becomes effective for each utility for the calendar

year beginning on January 1, 2010. Each utility shall begin including data for this requirement in its first annual report.

The data breakdown provided by the Company in its *Reply Comments* consisted of a count of customers added as a result of new main installations and the number of new customers connected to existing mains; Greater Minnesota did not provide extension response time data. While the new customer count data is informative and indicative of the significant growth on Greater Minnesota's system in recent years, the reporting metric requires that the Company provide extension data similar to what the Company provided in its 2011 Annual Service Quality Report. This information is particularly important given GMG's current high level of growth. For illustrative purposes, this is the chart that the Company included in its 2011 Annual Service Quality Report regarding extensions to areas not previous served by the Company (Docket No. G022/M-12-1130):

A.					
Residential/Small CO	Sold	Installed	# Cust	Days to Complete	
Limestone Lane	4/5/2011	5/16/2011	1	41	
R & R Farms	5/24/2011	9/30/2011	2	128	customer requested fall installation
Sisters Lane	9/2/2011	11/11/2011	4	70	state permit / hwy. 13
Caribou Trl	9/21/2011	11/28/2011	1	68	new build - waiting on site readiness
State Hwy. 83	6/25/2011	9/21/2011	9	88	state permit / hwy. 83
Caribou Trl (2)	10/14/2011	10/24/2011	1	10	
Shieldsville	8/15/2011	10/1/2011	85	46	
			103	64	avg.
Agriculture	Sold				
R & R Grain Dryer	5/24/2011	9/30/2011	1	128	customer requested fall installation
Vetter 354th	8/5/2011	9/16/2011	1	41	
Vetter Shanaska Crk.	9/6/2011	9/26/2011	3	20	
Shieldsville	8/15/2011	10/1/2011	3	46	
			8	59	avg.

The above chart provided a breakdown of individual extension projects, along with the number of customers, number of days before service was active, and reasons why it took a longer period of time to extend service. The Department concludes that tracking data in this manner is sufficient to satisfy the requirements of Minnesota Rule 7826.1600 and provides the Commission with additional information about Greater Minnesota's service extension activities.¹

Therefore, the Department recommends that the Commission direct Greater Minnesota to comply with the Commission's 09-409 *Order* by providing service extension data in the same manner that it did in the 2011 Annual Service Quality Report.

¹ For example, this information can show whether the Company is undertaking several small projects or a few large projects, and Greater Minnesota's success in managing and fulfilling customer requests and expectations.

D. CUSTOMER DEPOSITS

In its *Comments*, the Department requested that the Company provide clarifying information regarding its customer deposits and customer deposit policies. Specifically, the Department requested that Greater Minnesota clarify the context for its data, how it defines a satisfactory payment history, whether deposits are required of all customers, and what triggers a request for a deposit from an existing customer. Greater Minnesota responded to these requests in its *Reply Comments*. The Company clarified that it does not require deposits from new customers, and it only requires deposits from existing customers who had service disconnected due to non-payment. If timely payments are made over a 12-month period, pursuant to terms of the tariff, the deposit is returned to the customer. Greater Minnesota also noted that it did not change its customer deposit policies during calendar year 2013. Based on the Company's response, the Department does not have additional comment on this topic.

E. CUSTOMER COMPLAINTS

In its *Comments*, the Department reviewed the Company's customer complaint data for calendar year 2013 and noted that Greater Minnesota's complaint classification criteria are unique among Minnesota regulated gas utilities; namely, that it only classifies a call as a complaint if it is escalated to a supervisor. As such, the Department recommended that Greater Minnesota fully explain how much money and time it would take to bring the Company's complaint reporting standards in line with other Minnesota gas utilities.

Greater Minnesota provided extensive responsive comments on this topic in its *Reply Comments*. Greater Minnesota began its discussion by reiterating that all calls, complaint or otherwise, to the Company are answered by a live person and that complaints referenced in this docket are only those calls that are elevated to a supervisor. In regards to the reporting methods of other utilities, the Company indicated that it analyzed Minnesota Rules and the results of the natural gas service quality reporting workgroup (as shown in Attachment 1 to the Department's June 27, 2013 *Comments* in Docket No. G022/M-13-362) and concluded that other utilities may report complaint data that goes beyond what is required in Minnesota Rules. Further, Greater Minnesota reviewed the workgroup information and concluded that it identifies complaints using the same categories as other utilities. The Company did not provide a specific breakdown of the costs and time needed to upgrade its phone system but concluded that the options of adding sufficient personnel to manually track the nature of each call, or of purchasing a new telephone system were cost-prohibitive and unnecessary; therefore, Greater Minnesota respectfully requested that it be permitted to continue reporting actual complaints.

The Department appreciates Greater Minnesota's lengthy discussion on this topic; however, the Department's request for discussion on this topic should be not construed as a Department effort to change the Company's complaint reporting requirements. The Department acknowledges Greater Minnesota's unique circumstances among other utilities and was simply looking for an estimate of the costs associated with conforming the Company's complaint reporting criteria to those of the other gas utilities to ensure that the

Commission has sufficient information to make a decision in this matter should it choose to do so. The Department believes the Company's current reporting standards are appropriate and does not recommend that the Commission require amendments to Greater Minnesota's criteria at this time; however, if a cost and time estimate is available, that information would be helpful from an illustrative standpoint to highlight the potential costs to the Company and its ratepayers.

F. *METER RISER INCIDENT*

In its Report, the Company provided information regarding emergency response incidents that took greater than one hour for response. In general, the Department concluded that the reasons for the longer response times were acceptable; however, the circumstances surrounding an incident involving a meter riser installation were not particularly clear. As such, the Department requested that the Company provide additional information explaining this event and the steps taken to correct the situation in its *Reply Comments*.

In its *Reply Comments*, the Company explained that the event happened on October 20, 2013 after a Greater Minnesota contractor had replaced a meter riser at the customer's residence. The customer was contacted prior to the work commencing and was advised that if no one was home when the work was completed that the meter would be locked and the customer would have to contact Greater Minnesota to have appliances re-lit. There were no customers home when the work was completed and a tag was left on the door notifying the customer they would need to contact Greater Minnesota. The Company was notified by the customer on the afternoon of October 20, 2013, 3:34 p.m., and stated that there was no gas odor present. Greater Minnesota personnel re-lit appliances and unlocked the meter within 2 hours and 14 minutes after the call. Based on the Company's additional discussion, the Department concludes that the circumstances surrounding this event and the extended response time are not unreasonable.

III. **CONCLUSIONS AND RECOMMENDATIONS**

Based on the Greater Minnesota's provision of clarifying information in its *Reply Comments*, the Department now recommends 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. The Department 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.

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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. G022/M-14-964

Dated this 22nd day of April 2015

/s/Sharon Ferguson

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