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Information Request No. 3

Docket No.: G-011/M-17-409
Response To: MPUC Data Requests
Requestor: Jason Bonnett (MPUC)
Date Received: May 20, 2021

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Please confirm the extent to which a Minnesota Northern Natural Gas Company farm tap customer has easement rights to continued gas service from NNG in the event MERC (or any other state-regulated utility) is allowed to discontinue its services to that customer. Are the landowner’s easement rights absolute or limited in some way?

Northern Natural Gas Response:

The easement rights do not extend to gas distribution service. A Minnesota landowner that has granted Northern an easement containing a “farm tap clause” has a right to a tap on Northern’s pipeline but does not have a right to gas distribution service from Northern. Northern is an interstate natural gas pipeline regulated by the Federal Energy Regulatory Commission pursuant to the Natural Gas Act. Northern does not and cannot provide the easement grantor any gas distribution service provided by MERC (or any other state-regulated utility). Therefore, a gas utility has always provided the distribution service to the grantor/farm tap customer. As explained in the Northern 2017 Comments:

The retail service MERC currently provides to the farm tap customers in Minnesota is the same service Peoples provided prior to (and after) UtiliCorp's 1985 acquisition. Through the Purchase Agreement and the 1985 Agreement, UtiliCorp assumed the obligation of Peoples to provide farm tap service. Thereafter, as UtiliCorp broke up Peoples and sold the separate operating utilities, the farm tap obligations, which were fully integrated in the operating utilities, transferred to the separate purchasers as part of the acquired assets and liabilities.

MERC and the other successors to UtiliCorp’s interest in Peoples Natural Gas assum[ed] all of Peoples Natural Gas’ rights, liabilities, and obligations in regard to farm taps along Northern’s pipeline system through the Agreement dated December 20, 1985.

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Date: June 1, 2021