

March 11, 2013

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G022/M-12-1130

Dear Dr. Haar:

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

2011 *Annual Service Quality Reports* (Report) submitted by Greater Minnesota Gas, Inc. (Greater Minnesota or Company).

The 2011 *Annual Service Quality Reports* were filed on October 11, 2012 by:

Nikki Kupser
Regulatory and Compliance Administrator
Greater Minnesota Gas, Inc.
202 South Main Street, P.O. Box 68
Le Seuer, Minnesota 56058

The Department notes that the Minnesota Public Utilities Commission's (Commission) January 18, 2011 *Order* in Docket No. G999/CI-09-409 explicitly states that Greater Minnesota Gas (Greater Minnesota or Company) shall file annual service quality reports on May 1 of each year. As such, this Report was filed over five months late. Further, the Department reviewed the Company's filing and observed potentially serious issues regarding the Company's data retention policy. As such, the Department withholds recommendation regarding Greater Minnesota's service quality report pending the provision of additional information in *Reply Comments*, as detailed in these *Comments*.

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

Sincerely,

/s/ ADAM JOHN HEINEN
Rates Analyst
651-296-6329A

AJH/sm
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. G022/M-12-1130

I. 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 Minnesota Department of Commerce, Division of Energy Resources¹ (Department) and all Minnesota regulated gas utilities in Docket No. G999/CI-09-409. Various rounds of comments and discussion occurred in this docket and the issues came before the Commission on August 5, 2010. 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. In its January 18, 2011 *Order—Setting Reporting Requirements* (January 18 *Order*), the Commission determined that Greater Minnesota must provide service quality information in generally the same manner as other Minnesota gas utilities, except as modified by the Commission's January 18 *Order*.

On April 25, 2011, Greater Minnesota filed its calendar year 2010 *Annual Service Quality Report*. The Department recommended that the Commission accept this report and recommended that Greater Minnesota provide, in subsequent service quality reports, a breakdown of what type of party (*e.g.*, third-party contractor, utility personnel, customer) caused each particular gas line damage event to the Company's distribution system.

On October 11, 2012, the Company filed its calendar year 2011 *Annual Service Quality Report* (Report). The Department notes that the Commission's January 18 *Order* in Docket No. G999/CI-09-409 explicitly states that Greater Minnesota shall file annual service quality reports on May 1 of each year. As such, this Report was filed over five months late.

¹ At the time when the Commission opened this investigation, the Department was referred to as the Minnesota Office of Energy Security, or OES.

The Department reviewed the Company's Report for compliance with Commission Orders and to identified potential issues. The Department provides its analysis below.

II. THE DEPARTMENT'S ANALYSIS

Per the Commission's January 18 *Order*, Greater Minnesota was not required to provide information for certain reporting requirements until January 1, 2011, which means that this Report marks the first time that Greater Minnesota has provided information for each reporting requirement. The following reporting requirements are discussed for the first time in this Report: Telephone Response Time, Meter Reading Performance, Service Extension Request Time, Customer Deposits, Customer Complaints, Gas Emergency Information, Minnesota Office of Pipeline Safety (MNOPS) damage reports, Service Interruptions, Gas Emergency Response Time, and Customer Service Expenditures related to FERC Accounts 901 and 903.

The Department reviewed information regarding Service Disconnections and System Damage and compared it to the information provided in Greater Minnesota's 2010 *Service Quality Report*.

The Department discusses, separately, each reporting requirement below.

A. CALL CENTER RESPONSE TIME

The Commission has set a goal among gas utilities regarding call center response time that 80 percent of calls, on an annual average, be answered within 20 seconds. The Commission's January 18 *Order* requires the following regarding telephone response time:

GMG shall track and report the total number of phone calls received during each annual reporting period and report on the number of times the phone rings before calls are answered. GMG shall begin tracking this data on January 1, 2011 and begin including data for this requirement in its second annual report.

Greater Minnesota reported monthly data indicating the number of calls received by the Company in 2011. The Company stated that all calls are answered live within three rings; if the Company does not answer within three rings, the call is automatically forwarded to Greater Minnesota's after-hours answering service.² As such, Greater Minnesota concluded that all 5,887 in-coming calls to the Company were answered within 20 seconds. Based on the Department's experience, it does not disagree with the Company's conclusion.

² It is the Department's experience that when a phone call is forwarded to the Company's answering service, the response from the answering service is typically one additional ring after it is transferred, which is below 20 seconds in total before contact is made with an individual.

The Department concludes that it is likely that calls to the Company are answered promptly. It is important to note that the numbers reported by the Company likely include non-customer related calls that are made to Greater Minnesota's business line, so the representative number of customer service calls is likely lower.

B. METER READING PERFORMANCE

This Report marks the first time that Greater Minnesota has provided data regarding this reporting requirement. Greater Minnesota is required to provide the following metrics:

- The number and percentage of customer meters read by Company personnel;
- The number and percentage of customer meters self-read by customers;
- The number and percentage of customer meters that have not been read by Company personnel for periods of six to 12 months and for periods of longer than 12 months, and an explanation as to why they have not been read; and
- Data on Company monthly meter-reading staffing levels, by work center or geographical area.

Greater Minnesota reported that a total of 48,174 meters were read in 2011 of which 98.4 percent were read by utility personnel, 0.3 percent were read by customers, and 1.3 percent were estimated. The Company also stated that no meters went unread for a period of longer than six months. The data provided by the Company suggests timely metering reading by Greater Minnesota; however, it is important to note that a significant portion of these data are estimated. Regarding this point, Greater Minnesota stated the following in its filing:

GMG's billing system does not have the capability to produce historical meter read information beyond 12 months. Actual data for September-December was able to be obtained at the time of this report and therefore the average of those months was used for the January-September reporting. This estimate is most likely higher than actual due to higher winter weather estimates in December.

As evidenced by this quote, the data in this Report does not represent actual conditions during 2011; as such, there is no way to determine actual meter reading performance for the reporting period. The Department also finds this statement by the Company troubling on other levels.

The Department has several concerns regarding Greater Minnesota's lack of meter reading data. First, the Department is concerned that the Company is unable to retrieve historical meter data that is older than 12 months. There are several instances in which it is necessary for the Company to be able to query data that is over 12 months old. For instance, when the Department conducts its analyses in the Annual Fuel Report (AFR), or in a general rate case, these analyses are likely to occur more than 12 months after an event happened that was the source of the data. Based on the Company's above quote, if the Department observed significant billing, or related

data issues, in the AFR or a general rate case, the Department may not be able to fully review the reasonableness of Greater Minnesota's rates. This would put the Company at risk for cost disallowance or rate case rejection.

Second, Greater Minnesota's data retention policy does not appear to comply with Commission Rules. Minnesota Rule part, 7820.4800, states the following:

The utility shall retain customer billing, complaint, payment, and deposit records for the length of time necessary to permit the utility to comply with the commission's rules; provided the utility shall retain these records for not less than three years. A customer's own billing, complaint, payment, and deposit records shall be available to that customer.

If Greater Minnesota's historical meter read information is necessary to accurately determine billing, complaints, payments, or deposits, then the Company's data retention policy is significantly below the Commission's required reporting standard and impairs ratepayers', and state agencies', ability to remedy, or identify, long running billing errors. This should be of significant importance to Greater Minnesota, because the Company has experienced a long-duration billing error, detailed in Docket No. G022/M-08-519, which cost Greater Minnesota thousands of dollars in Purchased Gas Adjustment (PGA) recovery.

In terms of the service quality reporting requirements, Greater Minnesota's inability to provide complete reporting on meter readings may be contrary to the requirements of the Commission's January 18 *Order*. Further, the Department notes that Greater Minnesota did not provide data on monthly meter-reading staffing levels, by work center or geographic area.

Based on the Department analysis, it recommends that Greater Minnesota provide the following:

- Monthly meter-reading staffing levels, by work center or geographic area;
- A plan that will enable Greater Minnesota to comply with the meter reading reporting requirements established in the Commission's January 18 *Order*;
- A detailed discussion explaining why Greater Minnesota believes it is in compliance with Minnesota Rule 7820.4800;
- A detailed discussion of what steps, if the Company is not in compliance, of how Greater Minnesota will comply with Minnesota Rule 7820,4800 as soon as possible; and
- A detailed discussion of what billing system the Company uses.

C. INVOLUNTARY SERVICE DISCONNECTION

In reporting data on involuntary service disconnections, Greater Minnesota is required to reference the data it submits pursuant to Minn. Stat. §§ 216B.091 and 216B.096, subd. 11. The Company included, as an attachment to its Report, weekly Cold Weather Rule (CWR) data for

January-April and November and December of 2011 and monthly CWR data for the entire reporting period. The Department compared the 2011 information to the 2010 information and concludes that the pattern of disconnections appeared consistent between the two years. The Department will continue monitoring this metric in future service quality reports to identify any long-run patterns that may exist.

D. SERVICE EXTENSION REQUEST RESPONSE TIME

Greater Minnesota is required to report service extension request response time, except for service connections related to Minn. Stat. §§ 216B.091 and 216B.096, subd. 11. This reporting metric includes data for extensions to locations not previously served by the utility and areas previously served by the utility. For calendar year 2011, the Company extended service to 111 customers at a location not previously served by Greater Minnesota and to 170 customers along existing main. In terms of service extension to a location not previously served by Greater Minnesota, the Company reported an average length of time between a request for service and installation of 64 days for Residential/Small Commercial and 59 days for Agricultural customers. The Company explained the reasons why certain extension requests took a long time to complete, and, based on these explanations, the Department does not believe the delays in extending service were unreasonable.

In terms of extension to locations previously served by the Company, Greater Minnesota provided aggregate data regarding new customers that have been added along existing main. The Company stated that, on average, it took 39 days to extend service to premises along existing service main. Given the fact that certain customers request certain installation dates (the Department has observed this while reviewing other utility service quality dockets), this length of time does not appear unreasonable; however, the Department recommends that the Company provide an explanation in future reports detailing any extension requests that took a relatively long time to complete.

The Department notes that Greater Minnesota's interpretation of this reporting metric does not conform to the Department's or the other utilities' interpretation. Specifically, the Department interprets this reporting requirement to pertain to the time taken to extend service to a location, or premise, which had received service in the past. Given the nature of Greater Minnesota's service territory, the Department believes the Company's categorization of service extensions as those involving new main and those involving existing main is relevant to the Company's operations and recommends that that Greater Minnesota continue including this information in future reports. However, the Department requests that Greater Minnesota provide, in *Reply Comments*, the required 2011 service extension information on requests for service to a location previously served by the Company

E. CUSTOMER DEPOSITS

This Report marks the first time that the Company has provided data regarding this reporting requirement. Greater Minnesota stated that it did not collect any customer deposits in 2011.

F. CUSTOMER COMPLAINTS

The Commission's January 18 *Order* requires Greater Minnesota to provide the following:

In addition to tracking and reporting on customer complaints received from the Commission's [Consumer Affairs Office], GMG shall begin tracking and reporting on the total number of customer complaints received and the number of complaints resolved for each of the following categories: billing errors; inaccurate metering; wrongful disconnection; high bills; inadequate service; service extension intervals and service restoration intervals. This requirement becomes effective for GMG for the calendar year beginning on January 1, 2011. GMG shall begin including data for this requirement in its second annual report.

Greater Minnesota reported a total of ten customer complaints during calendar year 2011. The Company broke these complaints down into three separate categories: alleged billing errors (three complaints), inaccurate metering (four complaints), and inadequate service (two complaints). The Company reported that all ten complaints were resolved by taking the action the customer requested. The Commission's January 18 *Order* references its Consumer Affairs Office (CAO), yet there is no mention of this office in Greater Minnesota's Report. The Department assumes that this is because no complaints were forwarded from the CAO; however, the Department recommends that the Company clarify this in its *Reply Comments*. As noted above, this is the first year that the Company has reported these data, so the Department does not know if these complaint levels are typical.

G. GAS EMERGENCY CALLS AND RESPONSE TIME

The Commission's January 18 *Order* requires Greater Minnesota to provide the following:

GMG shall track and report the total number of gas emergency calls received during each annual reporting period. This requirement becomes effective for GMG for the calendar year beginning on January 1, 2011. GMG shall begin including data for this requirement in its second annual report.

...

GMG shall develop a manual process for recording gas emergency response data and to begin tracking and reporting gas emergency response times. This requirement becomes effective for GMG for the calendar year beginning on January 1, 2011. GMG shall begin including data for this requirement in its second annual report.

Greater Minnesota stated that it manually tracks telephone answering times to its gas emergency phone line. The Company further stated that it provided two metrics in this Report: (1) the amount of time between the emergency related call and the dispatch time to the technician; and (2) the elapsed time between the dispatch time and the time that a qualified emergency response person arrived at the incident location to make the area safe.

Greater Minnesota reported a total of 126 calls to its emergency response line in 2011. In terms of dispatch time, the vast majority of calls (122 of 126 or 97 percent) resulted in a dispatch in less than 10 minutes. There were four instances where the dispatch time was greater than 10 minutes, but less than 20 minutes. These were relatively long dispatch intervals, but the Company does not provide any discussion explaining why the dispatch times were elevated. As such, the Department recommends that Greater Minnesota fully explain, in its *Reply Comments*, why dispatch was delayed for these four incidences.

In terms of emergency response intervals, Greater Minnesota reported that 113 of the 126 (90 percent) total calls received in 2011 were responded to in less than an hour. The Company has a relatively rural service territory, which may justify a longer response time; however, it is somewhat concerning that 10 percent of calls took longer than an hour for a response. Therefore, the Department recommends that the Company fully explain, in its *Reply Comments*, why each of these 13 calls required a greater than one hour emergency response time.

H. MISLOCATES

The Commission requires each utility to provide data regarding mislocates, including the number of times a line is damaged due to a mismarked line or failure to mark a line. This Report marks the first time that Greater Minnesota has provided data on this reporting requirement. The Company reported five mislocates during calendar year 2011, which included three incidences that were related to customers not requesting a locate and two incidences where the mislocate was made by Greater Minnesota. Since this marks the first Report where Greater Minnesota has provided this information, the Department cannot make any conclusions regarding the number of mislocates and will continue to monitor these data in future service quality reports.

I. GAS SYSTEM DAMAGE (DAMAGED GAS LINES)

The Commission's January 18 *Order* requires Greater Minnesota to provide data on damaged gas lines by providing copies of the Company's reports submitted to the Minnesota Office of Pipeline Safety. This Report marks the second year that the Company has provided data regarding this reporting requirement. In its *Comments* in the 2010 Annual Service Quality Report, the Department requested that Greater Minnesota provide a more detailed breakdown of particular damage events such that they better align with information provided by other utilities. The Department notes that Greater Minnesota provided a more detailed breakdown of gas line damage events.

Greater Minnesota reported eight gas line damage events in 2011, which is three greater than the five events reported in 2010. Of the eight events, two were natural occurrences (*e.g.*, gopher chews), two were utility caused, and four were caused by a customer or third-party contractor. Greater Minnesota stated that the two utility-caused incidences were related to a mislocated line. It is the Department's understanding that utility locating services are typically handled by a third-party associated with Gopher State One-Call. The Department requests that Greater Minnesota provide, in its *Reply Comments*, clarification of how services were located when the Company was responsible for gas line damage in 2011.

Although the Company reported an increase in gas line damage in 2011 compared to 2010, the number of events are relatively similar between the two years. In addition, it is difficult to determine what an average number of damage events in a calendar year is with only two years of data; as such, the Department does not make any additional recommendations regarding this reporting requirement and will continue to monitor it in future service quality reports.

J. GAS SERVICE INTERRUPTIONS

The Commission's January 18 *Order* requires Greater Minnesota to provide the following information related to gas service interruptions:

GMG shall begin reporting data on gas service interruptions and major incidents, as requested in its service quality reporting proposal. This requirement becomes effective for GMG for the calendar year beginning on January 1, 2011. GMG shall begin including data for this requirement its [sic] second annual report. GMG shall provide contemporaneous notification of immediately reportable incidents to the [Consumer Affairs Office] and the [Department] consistent with the Commission's August 26, 2010 Order.

Greater Minnesota reported eight gas service interruptions during 2011, which is the same as the number of gas system damage events, as noted above. In its Report, the Company stated that two interruptions were due to Greater Minnesota mislocates, two were due to gopher chews, two were caused by an outside contractor, one by a contractor hitting a customer's private fuel line, and one by a customer who failed to call for a locate. Although it would appear that the contractor-related interruptions are not attributable to the Company (*e.g.*, contractor doing work for a homeowner), it is not clear from the Company's filing; as such, the Department recommends that Greater Minnesota clarify, in its *Reply Comments*, whether these contractor-caused service interruptions are related to Greater Minnesota operations.

Since this is the first Report where these data were provided, the Department is unable to offer any conclusions regarding the number of service interruptions in 2011. The Department will continue to monitor these data in future service quality reports and will make any relevant conclusions once a sufficient amount of data is available.

K. MAJOR EVENT REPORTING AND NOTIFICATION OF REPORTABLE EVENTS

The Commission requires each utility to provide data regarding major events during the calendar year that were reportable to MNOPS. Greater Minnesota reported no major reportable events in 2011.

L. CUSTOMER SERVICE RELATED OPERATIONS AND MAINTENANCE EXPENSES

The Commission requires each gas utility to provide data regarding customer-service related operations and maintenance expenses recorded in FERC Accounts 901 and 903. This Report is the first time that the Company has provided data regarding this reporting requirement. The Company provided monthly and annual cost and expense breakdowns. Greater Minnesota reported total customer service expenses in 2011 of \$87,646, which results in a monthly average amount of approximately \$7,304. The Department notes two months, August and October, had relatively high levels of expense at \$10,848 and \$10,338, respectively. The Department recommends that Greater Minnesota fully explain, in its *Reply Comments*, why customer service expenses were relatively high in August and October 2011.

III. SUMMARY AND CONCLUSIONS

Given the issues regarding Greater Minnesota's data retention policy, the Department withholds recommendation on the Company's *2011 Service Quality Report* pending additional information from the Company in its *Reply Comments*. The Department recommends that Greater Minnesota provide the following in its *Reply Comments*:

- Monthly meter-reading staffing levels, by work center or geographic area;
- A plan that will enable Greater Minnesota to comply with the meter reading reporting requirements established in the Commission's January 18 *Order*;
- A detailed discussion explaining why Greater Minnesota believes it is in compliance with Minnesota Rule 7820.4800;
- A detailed discussion of what steps, if the Company is not in compliance, of how Greater Minnesota will comply with Minnesota Rule 7820,4800 as soon as possible;
- A detailed discussion of what billing system the Company uses.;
- the required 2011 service extension information on requests for service to a location previously served by the Company;
- A full explanation of why dispatch was delayed for four incidences during 2011;
- A full explanation of why it took longer than one hour to respond to 13 emergency incidences during the reporting period;
- A clarification of how services were located when the Company was responsible for gas line damage;
- A clarification of whether contractor caused service interruptions are related to Greater Minnesota operations;
- A full explanation of why customer service expenses were relatively high in August and October 2011; and
- A full clarification of whether any customer complaints were forwarded to the Company from the Commission's Consumer Affairs Office (CAO).

The Department also recommends that Greater Minnesota provide explanations in future filings detailing any extension requests that took a relatively long time to complete.

/ja

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
Comments**

Docket No. G022/M-12-1130

Dated this 11th of March, 2013

/s/Sharon Ferguson

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