

July 16, 2020

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

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. G999/CI-18-41

Dear Mr. Seuffert:

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

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 submits these comments in response to the June 15, 2020 Notice of Comment Period. The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Samir Ouanes
Public Utilities Rates Analyst

SO/ar
Attachment



Before the Minnesota Public Utilities Commission
Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. G999/CI-18-41

I. BACKGROUND INFORMATION

Excess Flow Valves (EFVs) are safety devices installed on natural gas distribution pipelines.¹ EFVs can reduce the risk of explosions in distribution pipelines by automatically stopping excessive, unplanned gas flows. EFVs are installed where a service line that serves an individual home or business joins the distribution pipeline.

In 2006, Congress passed the Pipeline Inspection, Protection, Enforcement, and Safety Act (2006 Act), which required the Department of Transportation to promulgate minimum standards for integrity management programs for distribution pipelines. The 2006 Act mandated that those minimum standards require the installation of EFVs on all newly installed or replaced service lines serving single-family homes.

In 2009, the Pipeline and Hazardous Materials Safety Administration (PHMSA) within the Department of Transportation amended pipeline safety regulations, specifically 49 C.F.R. § 192.383, to include the EFV mandate from the 2006 Act (2009 Rule).

In January 2012, Congress enacted the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011. The 2011 Act mandated that PHMSA require installation of EFVs on new and replaced natural gas lines beyond single-family homes if economically, technically, and operationally feasible.

In October 2016, PHMSA again amended 49 C.F.R. § 192.383 to require that natural gas utilities install an EFV on an existing service line if a customer requests one, and left it up to the “operator’s rate-setter” to determine how the costs of installation should be allocated. PHMSA also required natural gas utilities to notify customers of their right to request an EFV, including specific requirements for the notice. Lastly, PHMSA expanded the requirement to install EFVs to include new or replaced lines serving multifamily homes and small commercial customers.

Another form of safety device that can be installed between the gas main and meter to interrupt the flow of gas is a manual service line shut-off valve (or curb valve). The difference between an EFV and a curb valve was described by CenterPoint as follows:²

¹ The Department notes that CenterPoint Energy provided helpful technical background information on the safety devices discussed here at pages 3-8 of its December 18, 2018 compliance filing in the instant docket.

² Source: Page 7 of CenterPoint Energy’s December 18, 2018 comments.

A curb valve is different from an EFV in that it does not engage automatically; it requires an operator to open an access hatch and manually close the valve. Similar to an EFV, a curb valve can be used to stop the uncontrolled release of gas caused by severe damage to the service line or the regulator on the meter set. Unlike an EFV, a curb valve can also be used to isolate the service at any time, such as to stop the flow of gas due to smaller leaks on the service line or on the meter set or due to leaks on or damage to customer piping downstream of the meter.

PHMSA requires operators to install a curb valve or, if possible (based on sound engineering analysis and availability), an EFV for any new or replaced service line with installed meter capacity exceeding 1,000 SCFH (standard cubic feet per hour). However, PHMSA does not allow curb valve installation for loads below 1,000 SCFH, even when future anticipated loads may exceed that threshold.

II. PROCEDURAL HISTORY

On August 20, 2018, the Commission issued its *Order Finding that Excess Flow Valves Comply with Federal Regulations and Taking Other Actions* (2018 Order).³ The 2018 Order required the following of Xcel Energy (Xcel), Minnesota Energy Resources Corporation (MERC), CenterPoint Energy Minnesota Gas (CPE), Greater Minnesota Gas Inc. (GMG) and Great Plains Natural Gas Co. (Great Plains):

2. The utilities shall modify their EFV customer notices to clarify that once an EFV is installed, there is no cost to the customer to maintain it.
5. Within 120 days of this Order, the regulated natural gas utilities shall report the status of EFV installation, per customer class, throughout their service territories, recognizing that this might not be the entire service territory. The report shall include an estimate of the percentage of the utility's service territory that has EFVs installed, and the utility's plan and timeline for completing the installation of EFVs for the remainder of the utility's service territory.
6. Within 120 days of this Order, regulated natural gas utilities shall report the status of curb valve or manual shut-off valve installation, per customer class, throughout their service territories, recognizing that this might not be the entire service territory. The report shall include an estimate of the percentage of the utility's service territory that has curb valves or manual shut-off valves installed and the utility's plan and timeline for completing the installation for the remainder of the utility's service territory.

³ Docket No G999/CI-18-41.

7. As part of the reports described above, each gas distribution utility that does not already have EFVs and manual service line shutoff valves on the entirety of its system shall establish a plan to identify and hold face-to-face meetings with the decision-makers of the following customers:
 - a. Within 120 days of this order, each gas utility must identify and provide a compliance filing that, at a minimum, identifies all the following customers within its service territory that do not already have EFVs (and are eligible under the Federal standards) or manual shutoff valves and are not within an area the utility plans to upgrade by 2025:
 - K-12 public districts with school buildings in the utility's service territory;
 - K-12 non-public schools with school buildings in the utility's service territory;
 - Public and private universities and colleges;
 - Hospitals; and
 - Multi-unit residential and nursing facilities.
 - b. Within 120 days of this order, each gas distribution utility is required to establish and file a plan to have face-to-face meetings with the decision-maker of the customers identified above, eligible under the federal standard for EFVs, regarding the purpose of EFV and manual service line shutoff valves, along with the utility's installation policy, and estimated costs. After receipt of this compliance filing, the Commission's Executive Secretary will establish a schedule for comments and Commission approval.
 - c. The utility may propose in this compliance filing another method for limiting the visits to non-public schools, universities and colleges, and multi-unit residential and nursing facilities based on a size metric. The gas utility may propose as part of the plan a recovery mechanism for the additional requirements of this order which may include deferring costs to a regulatory account to be addressed in its next rate case or through its GUIC [Gas Utility Infrastructure Cost Rider] or another appropriate rider.
9. Each gas utility shall submit a compliance filing within ten days of this order containing its EFV tariff and customer notice as authorized by the Commission.

All five natural gas utilities complied with Ordering Paragraphs 2 and 9 of the 2018 Order on August 24, 2018 (Great Plains), August 29, 2018 (CPE) and August 30, 2018 (GMG, MERC and Xcel).

On December 18, 2018, all natural gas utilities except GMG submitted a filing to comply with Ordering Paragraphs 5-7 of the 2018 Order.

On January 2, 2019, the Commission issued a Notice of Comment Period (2019 Notice) with the following topics open for comment:

- Have the utilities complied with the Commission's August 20, 2018 Order?
- Does the information reported pursuant to ordering paragraphs 5 and 6 of the August 20, 2018 Order adequately address the Commission's concern about safety?
- Are the utilities' plans to meet with customers pursuant to ordering paragraph 7 of the August 20, 2018 Order acceptable?
- Are there other issues or concerns related to this matter?

GMG submitted its compliance filing on February 11, 2019, with what it characterized as a correction to its identification of the eligible facilities per Ordering Paragraph 7 (a) of the 2018 Order.

On July 31, 2019, the Commission issued its *Order Accepting Compliance Filings, Requiring MERC to Submit Additional Information, Requiring Annual Compliance Reporting, and Taking Other Action* (2019 Order).⁴ The 2019 Order required the following of Xcel, MERC, CPE, GMG and Great Plains:

2. As MERC has not yet fully complied with Ordering Paragraph 7a and 7b of the Commission's August 20, 2018 Order, MERC shall submit a compliance filing containing the required information by August 1, 2019.
4. CenterPoint Energy, GMG, Great Plains, MERC, and Xcel shall submit an annual compliance report no later than March 31st each year through the 2026 reporting period, listing its progress toward complying with Ordering Paragraphs 7a-c of the August 20, 2018 Order.

MERC complied with Ordering Paragraph 2 of the 2019 Order on August 1, 2019.

All five natural gas utilities complied with Ordering Paragraph 4 of the 2019 Order on March 30, 2020 (Xcel), and March 31, 2020 (CPE, GMG, MERC and Great Plains).

On June 2, 2020, the Commission held a planning meeting with the Minnesota Office of Pipeline Safety (MNOPS) and Commission-regulated natural gas utilities.

⁴ Docket No G999/CI-18-41.

On June 15, 2020, the Commission issued a Notice of Comment Period (2020 Notice) with the following topics open for comment:

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

The Minnesota Department of Commerce, Division of Energy Resources (Department) offers the following comments in response to the 2020 Notice.

III. DEPARTMENT ANALYSIS-MARCH 30 AND 31 COMPLIANCE REPORTS

Ordering Point 4 of the 2019 Order required CPE, GMG, Great Plains, MERC, and Xcel to submit an annual compliance report no later than March 31st each year through the 2026 reporting period, listing its progress toward complying with Ordering Paragraphs 7a-c of the August 20, 2018 Order.

1. Xcel

As shown in Table 1 below, Xcel complied as follows with Ordering Paragraph 7.a of the 2018 Order requiring the utility to identify 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.⁵ Xcel's "managed accounts" are larger customers that meet regularly with Xcel representatives. "BSC⁶-managed accounts" are commercial and industrial customers that do not have a defined account manager, but have a dedicated call center to facilitate contact with Xcel representatives.

⁵ Source: Table 1 of Xcel's March 30, 2020 compliance filing.

⁶ Business Solutions Center.

Table 1-Xcel’s Response to Ordering Paragraph 7.a

| Location Type | Managed Account | BSC-Managed | Non-Managed | Total |
|--|------------------------|--------------------------|------------------------|--------------|
| Child Day Care Services | 0 | 53 | 37 | 90 |
| Colleges, Universities, and Professional Schools | 65 | 1 | 2 | 68 |
| Junior Colleges | 6 | 0 | 0 | 6 |
| Elementary and Secondary Schools | 121 | 63 | 20 | 204 |
| Continuing Care Retirement Communities and Assisted Living for the Elderly | 13 | 46 | 15 | 74 |
| Skilled Nursing Care Facility | 7 | 32 | 12 | 51 |
| General Medical and Surgical Hospitals | 12 | 0 | 1 | 13 |
| Lessors of Real Estate (Multi-Unit Residential) | 80 | 1,037 | 254 | 1,371 |
| Total | 304 | 1,232⁷ | 341⁸ | 1,877 |

The Department concludes that Xcel complied with Ordering Paragraph 7.a.

The Department notes 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 remained the same as the one provided in Xcel’s previous December 18, 2018 compliance report. However, the totals for BSC-Managed and Non-Managed appear to continue to be incorrect. The Department recommends that Xcel verify in reply comments the totals for the BSC-Managed and Non-Managed and provide corrections as needed.

Finally, the Department notes that Xcel indicated that it would be reporting statistics related to EFV and manual shut-off valves in the annual May 1st Gas Service Quality Annual Reports.⁹

Xcel complied as follows with Ordering Paragraph 7.b of the 2018 Order requiring the utility to establish and file a plan to have face-to-face meetings with the decision-maker of the customers

⁷ Xcel’s total amount of 1,228 appears to be a typo and was calculated by the Department as 1,232.

⁸ Xcel’s total amount of 338 appears to be a typo and was calculated by the Department as 341.

⁹ Source: Xcel’s March 30, 2020 compliance filing at page 4.

identified above, eligible under the Federal standard for EFVs, regarding the purpose of EFV and manual service line shutoff valves, along with the utility's installation policy, and estimated costs:¹⁰

For our managed account customers, which are customers that Company representatives meet with on a regular basis, the Company's committed to including a discussion about EFVs and/or manual shut-off curb valves in our regular customer meetings or at industry meetings. In addition, we also included schools, universities, colleges, and hospitals that are non-managed accounts, in our face-to-face meeting list. Existing Company personnel has been tasked with meeting with each customer on the list. This has allowed us to cover our largest customers at minimal additional costs.

We started discussions regarding EFVs with customers in face-to-face meetings in the fall of 2019. In total, our current face-to-face meeting list includes about 190 customers. As of this filing date, we have met with 117 of these customers. Of the customers we have met with so far, 36 have expressed an interest in learning more about these safety valves. These customers were directed to our Builders Call Line specialists for more information and potential next steps. For those customers who choose to have a valve installed, scheduling of the installations would occur when the construction season begins in the spring. Prior to the outbreak of the COVID-19 pandemic, we projected that we'd be able to complete the remaining face-to-face meetings by June 2020. We still project that we will be able to communicate with the remaining customers in this category by the end of June 2020. However, with the COVID-19 pandemic curtailing in-person meetings, we anticipate that most, if not all, of these contacts will take place via phone calls.

For our BSC-managed and non-managed customers, we communicated information about EFVs and manual service shut-off valves via letter. The letter provided detailed information about each customer's right to request an EFV or manual service shut-off valve, the process for making a request, and other relevant information. In addition, we created a call script for our call center representatives, which provided additional information related to EFVs and manual shut-off valves in case customers called for additional information.

The letter campaign was completed in August 2019. In total, we sent letters to about 1,700 customers. We have received approximately ten calls from customers who received letters asking further questions about

¹⁰ Source: Pages 3-4 of Xcel's March 30, 2020 compliance filing.

valve installations. None of these customers have expressed an interest in pursuing the installation of an EFV or curb valve.

As discussed below, Xcel identified a de minimums cost of \$2,000 for its communication plan.

The Department concludes that Xcel is making progress with the implementation of its communication plan, despite the current pandemic.

Xcel complied as follows with 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:¹¹

We have incurred a small amount of costs to facilitate our communication plan. The costs are related to printing, mailing, and postage for letters to customers, along with the cost of printing materials for our face-to-face meetings with customers. The total costs of these activities were less than \$2,000. We do not expect to incur any significant costs going forward to finish our communication plan. Due to the small amount of costs that the Company has incurred to communicate with customers, we do not plan to request cost recovery of these costs.

The Department concludes that Xcel complied with Ordering Point 4 of the 2019 Order. As a result, the Department recommends that the Commission approve Xcel's March 30, 2020 compliance report.

2. *MERC*

Table 2 below indicates how MERC complied with Ordering Paragraph 7.a of the 2018 Order requiring the utility to identify 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.¹²

¹¹ Source: Page 4 of Xcel's March 30, 2020 compliance filing.

¹² Source: Table 1 of Xcel's March 30, 2020 compliance filing. Note that it is identical to Table 4 of Xcel's December 18, 2018 compliance filing.

Table 2-MERC’s Response to Ordering Paragraph 7.a

| Category | EFV Eligible | Emergency Service Line Shut-Off Valve Eligible |
|--|--------------|--|
| K-12 public districts with school buildings in the utility’s service territory | 245 | 348 |
| K-12 non-public schools with school buildings in the utility’s service territory | 43 | 18 |
| Public and private universities and colleges | 58 | 6 |
| Hospitals | 46 | 57 |
| Multi-unit residential and nursing facilities | 3,546 | 206 |
| TOTAL | 3,938 | 635 |

The Department concludes that MERC complied with Ordering Paragraph 7.a.

The Department notes that the number of customers that do not already have EFVs (and are eligible under the Federal standards) or manual shutoff valves in MERC’s March 31, 2020 compliance report was updated compared to the one provided in MERC’s previous August 1, 2019 compliance report. According to MERC, the update included but was not limited to the following: “[T]wenty-three of the public schools originally identified already have a curb valve installed and thus are excluded. Thirty-five of the originally-identified public schools are no longer eligible due to multiple meters exceeding the federal standard capacity on the service line.”¹³

MERC complied as follows with Ordering Paragraph 7.b of the 2018 Order requiring the utility to establish and file a plan to have face-to-face meetings with the decision-maker of the identified customers, eligible under the Federal standard for EFVs, regarding the purpose of EFV and manual service line shutoff valves, along with the utility’s installation policy, and estimated costs:¹⁴

In its December 18, 2018, Compliance Filing MERC proposed to initiate contact with customers through the telephone number on file with the account and to contact the customer via mail if it could not reach the customer at the telephone number provided. Once customers are reached by telephone, MERC would request to set up an in-person meeting with someone who has authority over decisions with respect to the facility or customer.

¹³ Source: Footnote 4 of MERC’s March 31, 2020 compliance report.

¹⁴ Source: Pages 5-7 of MERC’s March 31, 2020 compliance filing.

Following the Commission's July 31, 2019, Order, which approved MERC's proposed customer outreach compliance plan, MERC evaluated potential third-party contractors to assist with customer outreach efforts. MERC selected EN Engineering to assist with customer outreach efforts and in-person meetings based on EN Engineering's knowledge of EFV and curb valve requirements and availability of personnel in MERC's service area. MERC developed materials to assist with the outreach efforts including compiled customer lists, a process flow for customer outreach, frequently asked question documentation, and other background information regarding EFVs and emergency shut-off valves. MERC worked with EN Engineering to develop scripts and other information for initial customer telephone calls.

EN Engineering initiated their outreach efforts in early 2020. For each identified customer, EN Engineering personnel have contacted the telephone number on the account. If the customer answers the telephone call, information regarding the purpose of the call is provided, and the representative from EN Engineering requests to set up an in-person meeting with the decision-maker of the customer regarding the purpose of EFVs and emergency shut-off valves, MERC's installation policies, and the costs for installation of an EFV. If no one answers the telephone on the first attempt, EN Engineering leaves a voice message with details regarding the purpose of the telephone call and a contact number for the customer to return the call. A second telephone attempt is made approximately five days after the initial attempt with a second voice message left if the customer still does not answer.

If the customer is not reached on the second attempt, MERC proposed to send a letter via certified mail to the customer. A copy of the letter MERC prepared is included as Attachment A to this filing. Additionally, a process flow diagram of the customer outreach process is included as Attachment B to this filing. As discussed in greater detail below, in light of current circumstances surrounding the infectious disease known as COVID-19, MERC intends to temporarily modify its customer outreach efforts.

Through March 6, 2020, EN Engineering contacted 84 customer contacts representing 160 service lines potentially eligible for installation of an EFV under the federal standards. Of those contacted, 18 customers requested and scheduled a face-to-face meeting and those meetings have taken place to provide customers with additional information.

...

After two attempted telephone calls and voice messages, MERC was unable to make contact with 22 of the identified customers. Under MERC's approved communications plan, MERC intends to follow up with those 22 customers through a letter, a copy of which is included as Attachment A to this filing. However, given that K-12 schools, universities, and colleges across the state are currently shut down and/or subject to limited operations, and given that all hospital resources are focused on responding to the COVID-19 pandemic, MERC intends to postpone mailing letters to these customers until circumstances change.

Based on MERC's initial customer outreach, approximately eight customers have indicated an interest in possibly having an EFV installed on their natural gas service line. Of those, five customers have executed a letter of intent and three have indicated an interest in obtaining additional information from MERC regarding the exact location of the work to be performed and outage timelines to complete the work.

...

At this time, in light of current circumstances related to the infectious disease known as COVID-19, the Company intends to temporarily suspend efforts to continue customer outreach during Minnesota's Peacetime Emergency as declared by Minnesota Governor Tim Walz on March 13, 2020. While the Company will continue to be available to provide customers with information regarding EFVs upon request, given the current impacts on Minnesota's healthcare system of the pandemic; Executive Orders 20-02 and 20-19, authorizing and directing the Commissioner of Education to temporarily close all K-12 schools through May 4, 2020, and to plan for distance learning; and Executive Order 20-20 directing Minnesotans to stay at home through April 10, 2020; the target customer groups are unlikely to be responsive to such outreach efforts at this time. Further, the temporary suspension of the Company's EFV outreach efforts are necessary and appropriate in light of the U.S. Department of Health and Human Services declaration of a public health emergency and Governor Walz's executive order 20-01, advising Minnesotans to engage in appropriate social distancing and 20-20, requiring Minnesotans to stay at home or in their place of residence, except to engage in permitted activities and critical sector work through April 10, 2020.⁷ Additionally, as discussed above, because these customer groups are currently shut down, subject to limited operations, and focused on addressing the current health situation in the State, MERC intends to temporarily suspend sending customer letters as it is likely such communications would be disregarded at this time.

Based on preliminary customer outreach efforts, MERC does intend to complete outreach to 20 percent of the identified customers by the end of 2020, subject to the developing circumstances surrounding COVID-19 and the need to prioritize continued safe and reliable natural gas service to customers across Minnesota.

⁷ Emergency Executive Order 20-01, Declaring a Peacetime Emergency and Coordinating Minnesota's Strategy to Protect Minnesotans from COVID-19 (Mar. 13, 2020); Emergency Executive Order 20-20, Directing Minnesotans to Stay at Home (Mar. 25, 2020).

MERC identified the following cost estimates under Table 4 of its March 31, 2020 compliance report: \$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. The Department notes that MERC's costs are many magnitudes higher¹⁵ than that of Xcel Gas.

The Department concludes that MERC is making progress with the implementation of its communication plan, albeit at significantly high costs, despite the current pandemic.

MERC complied as follows with Ordering Paragraph 7.c of the 2018 Order allowing the utility to propose 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.¹⁶

Based on the 3,696 customers MERC identified in its August 1, 2019, Compliance Filing, MERC provided the following cost estimates to conduct face-to-face meetings regarding the purpose of EFVs and manual service line shutoff valves, along with the utility's installation policy, and estimated costs; and to complete the additional customer specific engineering analysis that would be required to verify eligibility for installation of an EFV.

...

In its July 31, 2019 Order, the Commission authorized deferral and recovery of EFV costs through gas utility infrastructure cost ("GUIC") rider filings, consistent with Ordering Paragraph 7.c of the Commission's August 20, 2018 Order.

MERC proposed to include forecasted 2020 EFV compliance costs in its 2020 GUIC Rider currently pending in Docket No. G011/M-19-282, subject to true-up based on actual costs incurred.⁸ MERC proposes to continue to track its actual costs to gather information and implement the customer

¹⁵ Compared to Xcel Gas's costs of \$2,000, MERC's costs are 25,249 percent higher, calculated as $(\$506,970 - \$2,000) / \$2,000 * 100$.

¹⁶ Source: Pages 7-8 of MERC's March 31, 2020 compliance filing.

outreach efforts, engineering analysis, and potential installation of EFVs for recovery in a future GUIC rider or general rate case filing and to continue to recover its forecasted compliance costs on an annual basis, subject to future true-up, through the GUIC rider. To the extent MERC's customer outreach results in customer requests for installation of EFVs, the costs of those installations and any associated maintenance should appropriately be deferred as a regulatory asset for future recovery through a GUIC or other rider or in a future rate case proceeding. MERC also proposes that any costs incurred to install manual service line shut off valves also continue to be socialized to all ratepayers and be deferred under the same conditions outlined for EFVs.

⁸ See *In the Matter of the Petition of Minn. Energy Res. Corp. for Approval of 2020 Gas Util. Infrastructure Cost (GUIC) Rider Revenue Requirement and Revised Surcharge Factor*, Docket No. G011/M-19-282, REPLY COMMENTS OF MINNESOTA ENERGY RESOURCES CORPORATION at 15-17 (Sept. 17, 2019); ADDITIONAL REPLY COMMENTS OF MINNESOTA ENERGY RESOURCES CORPORATION at 14-15 (Feb. 14, 2020).

The Department concludes that MERC complied with Ordering Point 4 of the 2019 Order. As a result, the Department recommends approval of MERC's March 31, 2020 compliance report.

3. CPE

The Department notes that CPE did not update or indicate that there was 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 recommends 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 complied as follows with Ordering Paragraph 7.b of the 2018 Order requiring the utility to establish and file a plan to have face-to-face meetings with the decision-maker of the customers identified above, eligible under the Federal standard for EFVs, regarding the purpose of EFV and manual service line shutoff valves, along with the utility's installation policy, and estimated costs:¹⁷

The Company filed a plan for reaching out to this set of customers and daycares on December 18, 2018 and provided additional information on its plan in Reply Comments on March 28, 2019. As the Company explained in those filings, most of the customers in this set have an assigned Key

¹⁷ Source: Pages 1-2 of CPE's March 31, 2020 compliance report.

Account Manager (“KAM”), but charter schools and daycares are not assigned to KAMs. The Company estimated that it could meet with customers that have a KAM over the course of four years. For daycares and charter schools, the Company planned to hire a third-party contractor to meet with those customers and to complete those meetings over the course of two years.

...

In compliance with the Commission’s Order, the Company has begun its outreach efforts to customers.

The Company first prepared email and mail communications for the customers. These communications provide some information about excess flow valves and curb valves and request that the customer reply in order to set up a meeting time. The customer email is attached as Exhibit A.¹

The Company has also hired a third-party vendor to complete outreach to customers that do not have a KAM.

The Company plans to start by reaching out to each of these customers by email, and then, if the customer does not respond, another email, then a letter, followed by two phone calls. The table below summarizes the Company’s efforts so far. Note that one point of contact may be the decision maker for multiple accounts.

...

There are 731 accounts that have not yet received their first email communication. So far, one customer has requested an engineering analysis to determine if an EFV may be feasible for them.²

¹ Note that the Company is scheduling phone calls rather than face-to-face meeting with customers in response to the COVID-19 pandemic.

² As the Company has noted in previous filings, it is not possible to determine definitively whether an EFV is feasible for a particular customer without a case-specific engineering review.

CPE stated that it sent a first email to 31 decision makers representing 259 accounts and received replies from 6 decision makers representing 45 accounts with a follow-up meeting scheduled.

The Department concludes that CPE is making progress with the implementation of its communication plan, despite the current pandemic. However, CPE did not update the cost of its communication plan. To complete the record, the Department recommends that CPE provide in reply comments an update to its estimated costs of face-to-face meetings.¹⁸

¹⁸ In its March 28, 2019 reply comments, CPE estimated its “total cost of face to face meetings” to be equal to \$139,000.

The Department notes 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 notes that CPE has a current rate case in Docket No. G008/GR-19-524; as a result, the Department requests that CPE indicate in reply comments where these costs can be found in the rate case.

As a result, 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.

4. Great Plains

The Department notes 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 recommends 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 complied as follows with Ordering Paragraph 7.b of the 2018 Order requiring the utility to establish and file a plan to have face-to-face meetings with the decision-maker of the customers identified above, eligible under the Federal standard for EFVs, regarding the purpose of EFV and manual service line shutoff valves, along with the utility's installation policy, and estimated costs:¹⁹

In the December 18, 2018 Compliance Filing, Great Plains established the following plan to meet face-to-face with the decision-maker of the customers identified in the above noted groups:

- A letter will be sent to each customer identified as falling into the above groups explaining the purpose of an EFV, curb valve or manual shut-off valve safety device, where an EFV, curb valve or manual shut-off valve would be installed, and the cost responsibility of the customer to have such a device installed at customer's request.

¹⁹ Source: Pages 1-2 of Great Plains' March 31, 2020 compliance report.

- With the initial contact, Great Plains will invite each customer to contact the Company to set up a face-to-face appointment in order for the Company to provide additional information and details regarding the purpose of an EFV and curb valve or manual shut-off valve as applicable to that customer, along with the estimated installation cost. Great Plains will follow up as necessary with each customer in order to complete the face-to-face meetings by the end of the fourth quarter of 2019.

Please see Attachment A for the letter Great Plains sent to the 331 identified customers on May 28, 2019 containing information on EFVs and installation costs along with contact information of Great Plains personnel. Follow up letters were provided to those customers identified as not receiving the initial letter on July 23, 2019 and August 21, 2019.

Great Plains received 64 calls from customers in response to the mailings sent out in 2019. Three customers came into the Company's office for face to face meetings during 2019. At this time none of the customers identified in the Commission's July 31 Order have requested an EFV be installed.

Great Plains will continue to review ongoing projects and how those projects may match up with interest by identified customers in moving forward with the installation of an EFV, curb valve or manual shut off valve. Great Plains will also continue to provide customers with information regarding Great Plains' planning and replacement projects to inform customers of their options that may help reduce customers' costs associated with installation.

Great Plains continues to post information regarding EFVs on its website. The Company will also continue to inform customers through an annual bill insert included herein as Attachment B. The insert previously approved by the Commission will again be included in customers' bills in June 2020.

The Department concludes that Great Plains is making progress with the implementation of its communication plan, despite the current pandemic. However, Great Plains did not update the cost of its communication plan. To complete the record, the Department recommends that Great Plains provide in reply comments an update to its estimated costs of face-to-face meetings.²⁰

²⁰ In its March 28, 2019 reply comments, Great Plains stated that it "estimates incremental costs to be immaterial with estimated internal labor costs of approximately \$50,000, at this time, for the face to face meetings with the customers identified on page 3 of Great Plains December 18, 2018 filing."

The Department notes 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 recommends that Great Plains provide in reply comments an update to its March 28, 2019 proposed recovery mechanism.²¹

As a result, 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.

5. GMG

The Department notes that GMG did not update or indicate that there was no changes to its identification in its February 11, 2019 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 recommends that GMG complete the record in reply comments by providing an update to its February 11, 2019 compliance report as it relates to Ordering Paragraph 7.a of the 2018 Order.

GMG complied as follows with Ordering Paragraph 7.b of the 2018 Order requiring the utility to establish and file a plan to have face-to-face meetings with the decision-maker of the customers identified above, eligible under the Federal standard for EFVs, regarding the purpose of EFV and manual service line shutoff valves, along with the utility's installation policy, and estimated costs:²²

The relevant portions of the August 20, 2018 Order required GMG to identify the entities within the scope of the Order and meet with the identified customers to discuss EFVs and shut-off valves, GMG's installation policy, and estimated costs. GMG has completed the requisite discussions with each identified customer. As of the submission of this compliance report, none of the identified customers requested installation.

²¹ In its March 28, 2019 reply comments, Great Plains stated that it "requests the Commission consider incremental costs, that may be identified as the plan is executed, to be recoverable through Great Plains GUIC based on a showing by Great Plains that the costs are incremental and required to fulfill the required communication plan."

²² Source: Page 1 of GMG's March 31, 2020 compliance report.

The Department concludes that GMG completed the implementation of its communication plan. However, GMG did not update the cost of its communication plan. To complete the record, the Department recommends that GMG provide in reply comments an update to its face-to-face meetings estimated costs.²³

The Department notes 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 assumes that GMG has determined that it will not surcharge its customers.

As a result, 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.

IV. DEPARTMENT ANALYSIS-ADEQUACY OF OUTREACH ACTIONS

The Department notes that all utilities complied with the portion of Ordering Paragraph 7.b of the 2018 Order requiring the utilities to establish and file a plan to have face-to-face meetings with the decision-maker of the customers identified above, eligible under the Federal standard for EFVs, regarding the purpose of EFV and manual service line shutoff valves, and provided their first corresponding annual update in compliance with Ordering Paragraph 4 of the 2019 Order.

As a result, 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.

²³ In its March 28, 2019 reply comments, GMG stated that it "anticipates that its costs related to that communication will be approximately \$500."

V. DEPARTMENT ANALYSIS-SAFETY CONCERNS

During the June 2, 2020 Planning meeting, the MNOPS provided a high level presentation of their responsibilities and activities, including:

- the type of inspections (design, operator qualifications, accident/incident investigation, damage prevention investigation, compliance follow-up),
- pipeline safety issues cited (mostly related to procedures and review to verify that they were followed),
- investigations (happening when a failure occurs, determine compliance with regulations, prevent reoccurrence), and
- information sharing (available on MNOPS website, technical inquiries from state/federal agencies), Gopher State On Call (notifications).

According to MNOPS, the August 2, 2017 Minnehaha Academy explosion would be due to a valve that should have been closed before the mechanical contractor started work on the jurisdictional piping.

In response to Chair Sieben's questions, MNOPS stated that a National Transportation Safety Board report concluded in a probable violation from CPE. Civil penalties were also issued to CenterPoint in that matter by MNOPS. CPE stated that it provided the information regarding both findings and penalties in CPE's January 15, 2020 service quality report. The Department is reviewing the record regarding the Minnehaha Academy explosion and is addressing this issue in CPE's concurrent rate case.

MNOPS concluded with the lessons learned from the Minnehaha Academy explosion, including:

- using only qualified personnel to work on your system,
- awareness to mechanical contractors regarding jurisdictional piping,
- ensuring proper purging of all piping,
- performing pre-project walk through and design reviews, and
- identifying all required valves and ensure they work.

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.

VI. DEPARTMENT ANALYSIS-OTHER ISSUES

The Department does not have any other issues to address.

VII. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS

The Department concludes that Xcel and MERC 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.

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.

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.

/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
Comments

Docket No. G999/CI-18-41

Dated this 16th day of July 2020

/s/Sharon Ferguson

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| 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 |

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| Douglas | Lund | doug.lund@ufcmn.com | United Natural Gas, LLC | 705 E. 4th Street PO Box 461 Winthrop, MN 55396 | 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 |

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| 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 |