

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: **April 1, 2014***Agenda Item #11

Companies: Great Plains Natural Gas Company

Docket No. G004/M-13-366

In the Matter of Great Plains Natural Gas Company's 2011 Annual Gas Service
Quality Report

Issues: Should the Commission Accept Great Plains Natural Gas Company's Annual
Gas Service Quality Report?

Staff: Marc Fournier651-201-2214

Relevant Documents

Commission Order Setting Reporting Requirements
G-999/CI-09-409..... August 26, 2010

Commission Order Setting Reporting Requirements
(Great Plains Gas Company and Greater Minnesota Gas)
G-999/CI-09-409..... January 18, 2011

Commission Order Setting Further Requirements
G-002/M-11-360, et al. March 6, 2012

Great Plains Natural Gas Company's
Annual Service Quality Report..... May 1, 2013

Comments of the Minnesota Department of Commerce
Division of Energy Resources. June 26, 2013

Reply Comments of Great Plains Company. July 11, 2013
Minnesota Department of Commerce Letter. July 18, 2013

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Statement of the Issues

Should the Commission accept Great Plains Natural Gas Company's Annual Service Quality Report for 2011?

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 Interested parties in Docket No. G999/CI-09-409. During the August 5, 2010 Commission Meeting, Great Plains Natural Gas Company (Great Plains or Company) argued that, due to its size relative to Minnesota's larger regulated gas utilities, certain reporting requirements should be modified. The Commission's subsequent August 26, 2010 Order required Great Plains to submit proposals for natural gas service quality reporting by August 31, 2010.

The Commission took up Great Plain's proposal in which it requested alternative reporting requirements for two areas: call center response times and customer complaint reporting. The Commission met to consider GMG's proposal on December 21, 2010. The Commission issued its Order Setting Reporting Requirements on January 18, 2011. In this Order, the Commission determined that Greater Minnesota Gas must provide service quality information in generally the same manner as other Minnesota gas utilities. Additionally, the Commission required Great Plains to report the percentage of calls answered within 20 seconds. Also, the Commission required Great Plains to consult with other gas utilities on how to implement the complaint reporting requirement to avoid extending call center response times, and submit a proposal on the complaint reporting requirement within 60 days of the Commission's January 18, 2011 Order.

On April 25, 2011, Great Plains filed its calendar year 2010 Annual Service Quality Report. On March 6, 2012, the Commission issued an Order Accepting Reports and Setting Further Requirements in Docket No. G-004/M-11-360, et al or March 6, 2012 Order.

On May 1, 2013, the Company filed its calendar year 2012 Annual Service Quality Report (Report).

Great Plain Natural Gas Company (Great Plains) 2012 Gas Service Quality Annual Report

1. Call Center Response Time/Average Speed of Answer & Percentage of Calls Answered Within 20 Seconds or Less

Standard: Each utility is required to report call center response time in terms of the percentage of calls answered within 20 seconds.

Great Plains: The reporting metrics are the total number of utility calls, including IVR calls, answered by Great Plains' representatives, the percent of calls answered within 20 seconds, and the

average speed of answer. The 2012 data is provided on Schedule 1 of the Company Annual Service Quality Report.

The percent of calls answered within 20 seconds or less was above 80% each month in 2012, with an annual average of 89%. In 2012 there were a total of 26,221 non-emergency calls answered. The average speed of answer for all calls was 33 seconds. The average speed of answer data includes all calls, including gas emergency telephone calls.

DOC: In its Report, Great Plains provided the required information on a monthly basis for 2012. The information provided indicates that Great Plains was able to answer 80%, or more, of calls within 20 seconds in 11 of the 12 months reported. In the month in which the percentage of calls answered in 20 seconds or less fell below 80%, Great Plains received 34,098 calls, 28% more calls than the average amount (26,704) received in the other 11 months of 2012. The percentage of calls answered in less than 20 seconds (81.6%) was over 1.5% higher in 2012 than it was in 2011 and 0.5% higher than it was in 2010. The DOC concluded that Great Plains has met the level of service set by Minnesota Rules, part 7826.1200.

In its March 6, 2012 Order Accepting Reports and Setting Further Reporting Requirements, the Commission required all natural gas utilities to report average speed-of-answering calls. The Company provided average speed at which phone calls were answered for each month of 2012. In 2012 the average speed of answer was 13 seconds. Average speed of answer in 2011 was 35 seconds. This metric was not reported in the 2010 Report. Average speed-of-answer decreased by over 20 seconds from 2011 to 2012. The DOC recognized this improvement and will continue to monitor this metric in future reports.

2. Meter Reading Performance

Standard: Each utility shall report the meter reading performance data contained in Minn. Rules, part 7826.1400. The reporting metrics include a detailed report on meter-reading performance for each customer class and for each calendar month:

- The number and percentage of customer meters read by utility personnel;
- The number and percentage of customer meters self-read by customers;
- The number and percentage of customer meters estimated;
- The number and percentage of customer meters that have not been read by utility personnel for periods of 6 to 12 months and for periods longer than 12 months, and an explanation as to why they have not been read; and
- Data on monthly meter-reading staffing levels, by work center or geographical area.

Great Plains: The 2012 data is provided on Schedule 2.

There were a total of 258,074 meter reads in 2012, of which 99.91% were read by utility contracted

personnel, with the remainder self-read by customers. There were no estimated reads in 2012. Great Plains did not have any meters that went unread for more than 6 months. The average meter-reading staffing level for 2012 was eight people. Great Plains has not deployed AMR in its service area.

DOC: The Company reported an average number of active meters on the system as 21,506 in 2012 and 21,375 in 2011. In 2012 the Company was able to read 21,477 meters, or 99.86 percent of total system meters. This is an increase over the number of meters read in 2011 (21,356) but a decrease in percentage of meters read (99.92% of meters were Company read in 2011). The percentage of meters read in 2011 and 2012 are not substantially different and approach one hundred percent; thus the DOC concluded that the Company's performance in this area is adequate.

Great Plains reported no meters unread for more than six months for all of calendar year 2012. Meter reading staffing levels increased from 7 in 2011 to 8 in 2012. The DOC will continue to monitor these metrics.

3. Involuntary Service Disconnection

Standard: In lieu of reporting data on involuntary service disconnections as contained in Minn. Rules, part 7826.1500, each utility shall reference the data that it submits under Minn. Stat. §§216B.091 and 216B.096.

Great Plains: In 2012, Great Plains sent 13,726 disconnection notices and there were 1,093 customers whose services were disconnected for non-payment.

DOC: The Company reported 1,093 involuntary disconnects in 2012, a decrease from the 1,293 involuntary disconnects reported in 2011. The DOC will continue to monitor this metric.

According to Great Plains' Report, disconnection levels were higher in the spring and summer of calendar year 2012 and reached their peak during the spring of 2012 (roughly coinciding with the end of the Cold Weather Rule period).

The Company's Report indicated that the number of past due residential accounts averaged nearly 25 percent of total residential accounts and exceeded 40 percent of total accounts in the first five months of 2012. These figures indicate an increase from 2011, when an average of 18 percent of accounts were past due, and in only four months was the percentage of past due accounts above 20 percent of the total. While Great Plains is not expected to know what specific challenges may be preventing prompt payment, the DOC requested that the Company provide, in Reply Comments, any observations from Great Plains' perspective that may account for the large percentage of past due accounts in the first five months of 2012.

Great Plains Reply: In the June 26, 2013 Comments, the DOC noted that the number of past due residential accounts averaged nearly 25 percent of total residential accounts and exceeded 40 percent of total accounts in the first five months of 2012. The DOC requested that Great Plains

provide any observations, from the Company's perspective, that may account for the large percentage of past due accounts in the first five months of 2012.

Upon further investigation, Great Plains determined that the number of past due residential accounts reported on the Cold Weather Rule Reports was incorrect. Please see Attachment A for a revised Schedule 3 page 1 of 2. The number of past due residential accounts shown on the corrected schedule reflects the number of accounts in arrears over 30 days. It is important to note that 51 percent of those accounts are in the 31-60 day range. The revised schedule reflects, on average, 16 percent of residential accounts past due with only two months greater than 20 percent. This revised level of past due accounts is a slight improvement over 2011 levels, when an average of 18 percent of accounts were past due, and in only four months was the percentage of past due accounts above 20 percent of the total. The revised Cold Weather Rule Reports will also be resubmitted to the Commission.

4. Service Extension Request Response Time

Standard: Each utility 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, is not required.

- a) The number of customers requesting service to a location not previously served by the utility and the intervals between the date service was installed and the later of the in-service date requested by the customer or the date the premises were ready for service; and
- b) The number of customers requesting service to a location previously served by the utility, but not served at the time of the request, and the interval between the date service was installed and the date the premises were ready for service.

Great Plains: The 2012 data is provided on Schedule 4.

Great Plains received 166 new service extension requests and 1, 726 renewed service extension requests in 2012. The renewed service extension statistics do not include reconnection of service to customers disconnected by the Company for non-payment of service. Great Plains currently tracks the service line application date but has not tracked the date the property is ready for the service line installation, therefore the report reflects the time from completion of the service line installation to the date the meter was installed. Great Plains incorrectly represented that the application date is used as the start date for determination of the average days to complete a new service line installation in the Reporting Summary and Changes Matrix provided as Schedule 13.

DOC: The Company provided two sets of data in its Report, the first reflects service extensions to new meters, and the second reflects service extensions to existing meters. In terms of the first group of data, Great Plains had a total of 121 residential new service extension requests and 45 commercial new service extension requests in 2012. On average, it took Great Plains 21 days to extend service to these residential customers and 25 days to extend service to these commercial customers. In 2011 Great Plains received 107 new residential meter service extension requests and

32 new commercial meter extension requests, which were completed in an average of 29 days. Great Plains explained that the number of days represents the time from receipt of the service line application to the date the meter was installed. In its Reply Comments filed in Docket No. G004/M-12-442, the Company indicated that the time to extend new service appears long because the requested service date may occur before the structure is ready to receive natural gas service. The DOC commended Great Plains on its decrease in service extension intervals from 2011 to 2012 even as new service extension requests increased in 2012. In terms of the second set of data, Great Plains had a total of 1,047 residential existing meter service extension requests and 679 commercial existing meter service extension requests in 2012 (1,716 combined). The average number of days to complete these requests was one day for both residential and commercial requests. This represents a slight decrease in total number of existing extension requests from the 1,857 reported in 2011 and identical interval times (1 day in both years). A portion of this decrease may result from the fact that in 2011 the Company included in the data locations that had been disconnected for non-payment, a subset of the data that was excluded from the 2012 data.

The DOC has noted no definitive changes or trends in the two years of available service extension data, especially given the limited data currently available. The DOC will continue to monitor these data in future annual service quality reports and will make any necessary recommendations or conclusions when sufficient data are available.

5. Customer Deposits

Standard: Each utility shall report the customer deposit data contained in Minn. Rules, part 7826.1900.

Great Plains: Great Plains did not require a deposit as a condition of receiving new service in 2012.

DOC: The Company did not require a deposit as a condition of service for any customers during 2012.

6. Customer Complaints

Standard: Each utility shall report the customer complaint data contained in Minn. Rules, part 7826.2000.

Great Plains: The 2012 data is provided on Schedule 6 of the 2012 Service Quality Report.

This reporting requirement became effective for Great Plains January 1, 2011. For the 2011 and 2012 Gas Service Quality Reports, only customer calls that were escalated to a supervisor for resolution were categorized as a customer complaint and reported by Great Plains. There were eighteen complaints recorded in 2012. Starting in 2013, Great Plains is tracking and labeling all

calls that an agent determines to be a concern/and or complaint, summarized by call type and will include the results in the 2013 Gas Service Quality Report.

DOC: In terms of total complaints, Great Plains reported 16 during calendar year 2012, 9 more than the 7 complaints reported for 2011.

The Company also provided data on the amount of time needed to resolve complaints and whether they were forwarded from another party, such as the Commission's Consumer Affairs Office (CAO). Great Plains reported that no complaints were received from the CAO in 2012, while one CAO complaint was received in 2011. All 16 calendar year 2012 complaints reported by Great Plains were resolved immediately, while 6 of the 7 complaints received in 2011 were resolved immediately.

The Company reported that 10 of the 16 complaints received in 2012 (63 percent) were either resolved through compromise with the customer or by agreeing to the customer suggested action. This compares with 4 out of 7 (57 percent) complaints that were resolved by compromise or by taking the customer suggested action as reported in the 2011 Report.

The DOC was pleased to note the improvements in the percentages of complaints resolved both quickly and in a manner acceptable to the customer as reported by the Company in the 2012 Report. Since this is only the second year that the Company has reported these data and the Company is in the process of modifying its complaint monitoring process and complaint reporting criteria, the DOC will continue to monitor these data in future annual service quality reports and will make any necessary recommendations or conclusions when sufficient data is available.

7. Gas Emergency Calls and Response Time

Standard: Each utility shall report the data on telephone answering times to its gas emergency phone line calls.

Great Plains: In 2012, the percent of emergency calls responded to in less than one hour was 100% which was an increase compared to 98% in 2011. There were 366 total calls answered in 2012, which was a decrease of 28% from 2011. The average response time in 2012 was 14 minutes.

DOC: In February of 2011, Great Plains started tracking the percentage of gas emergency calls answered within 20 seconds. Therefore, the 2012 Report marks the second year that the Company has provided this data. The Company also provided information regarding average answer speed and the total number of calls received by the emergency line.

On an annual basis, Great Plains was able to answer 83.75 percent of its emergency line calls within 20 seconds, which is above the prescribed 80 percent in 20 seconds standard for electric utilities and is an improvement over the 79.97% level reported for 2011. Further, Great Plains was able to answer at least 80 percent of gas emergency calls within 20 seconds in 9 of the 12 months of

2012, an improvement over the 6 months in which this goal was met in 2011. In the months where Great Plains was unable to meet the goal, it reported the following performance levels: February 79.17 percent, May 72.73 percent and June 76.53 percent.

In terms of average speed of answer, Great Plains reported an annual average of 13 seconds per call for 2012, an improvement over the 15 seconds per call reported for calendar year 2011. On a monthly basis, the Company did not report a month with average response times in excess of 20 seconds for either 2012 or 2011. The DOC was encouraged by this performance and hopes that the Company can continue to maintain, or improve, its performance.

The Company did not provide a description of its internal emergency line answer time performance goals in the Report. The DOC requested that Great Plains provide this information, as described in the summary of reporting requirements agreed to by the workgroup, in Reply Comments.

In terms of number of emergency calls, the Company reported 1,437 in calendar year 2012, a decrease from the 1,683 reported in 2011. Since this is the second year that these data has been provided, the DOC will continue to monitor this metric in future reports for any patterns or changes.

Great Plains Reply: The DOC noted the Company did not provide a description of its internal emergency line answer time performance goals in the Report. The DOC requested that Great Plains provide this information, as described in the summary of reporting requirements agreed to by the workgroup.

Great Plains' internal goal is to meet or exceed 80 percent of all calls answered within 20 seconds, with a priority on gas emergency calls. The Company exceeded its internal goal by answering approximately 84 percent of emergency calls in 20 seconds or less with an average response time of 13 seconds in 2012.

8. Mislocates

Standard: Each utility shall report the data on mislocates, including the number of times a line is damaged due to mismarked or failure to mark a line.

Great Plains: Mislocates decreased from 6 in 2011 to 1 in 2012. There were a total of 7,490 locate tickets in 2012, a decrease of 2.4% from 2011.

The 2012 data is provided on Schedule 8 of the 2012 service Quality Report.

DOC: Great Plains reported only 1 mislocate in 2012; the Company reported 6 mislocates in 2011 and 1 in 2010. Great Plains received 7,490 locate requests in 2012 for a total mislocate rate of 0.02 percent. Mislocate rates for 2011 and 2010 were 0.12 percent and 0.01 percent, respectively. The one mislocate reported in 2012 was due to Great Plains failing to mark the line. The DOC will

continue to monitor this metric in future annual service reports for emerging trends or patterns and provide additional commentary if needed.

9. Gas System Damage

Standard: Each utility shall report data on the number of gas lines damaged. The damage shall be categorized according to whether it was caused by the utility's employees or contractors, or whether it was due to any other unplanned cause.

Great Plains: Gas system damages increased from 30 in 2011 to 68 in 2012. Of the 68 damages in 2012, fourteen were under the control of Great Plains' employees and contractors.

Great Plains accounts for lost gas associated with at-fault contractor main strikes in accordance with the Commission's Order in Docket No. G-999/AA-10-885.

DOC: During the 2012 reporting period, Great Plains experienced 68 instances where its gas lines were damaged, which is an increase of 38 over the 30 incidences reported in 2010 and an increase of 52 over the incidences reported in 2010. Of the 68 damage events, 14, or 20 percent, were caused by Great Plains or its contractors and the remaining 54 were caused by other events while 2, or 7 percent, of the 2011 damages were caused by Great Plains contractors or employees. In other words, from 2011 to 2012, the percentage of damages caused by Company employees and contractors nearly tripled.

The Company also provided detailed Minnesota Office of Pipeline Safety (MnOPS) reporting documents detailing why the events happened and what type of pipes were involved (i.e., transmission, distribution). In terms of pipeline type, damage on the Great Plains system was restricted to its distribution network during 2012. The majority of damage incidences (65) were related to two categories: damage done by non-power equipment (hand digging damage) (12) and failure to support and protect facility (53). With only three years' worth of data available, it is impossible to say conclusively whether a trend is actually present in the relatively large increase in damage events between 2011 and 2012. The increase in damage events caused by the Company and its contractors, is also concerning.

The DOC requested that the Company explain, in Reply Comments, whether it believes the number of damage incidents reported in 2012 was at a reasonable level. The DOC also requested that the Company address the increase in the percentage of damage incidents attributable to Great Plains, including its plans for minimizing these damage incidents going forward.

Great Plains Reply: The DOC noted that during the 2012 reporting period, Great Plains experienced 68 instances where its gas lines were damaged, an increase of 38 from the 30 incidences reported in 2011. In addition, the DOC noted that the percentage of damages caused by Company employees and contractors nearly tripled from last year's report.

Great Plains understands the DOC's concerns over the increase in damage events that occurred on

the Company's gas pipelines in 2012. A number of circumstances attributed to the increase: (1) The amount of work in and around the Company's pipelines increased in 2012. Multiple parallel projects were being performed in and around the Company's pipelines in the Public Right of Way, both by the Company and other entities, inherently increasing the exposure to damages. These projects included several large communication installations, several road projects, and several PVC main and service replacement projects initiated by the Company. (2) Several of the damage events involved PVC pipelines. PVC plastic lines are more susceptible to damages while exposed than other pipeline material. (3) The absence of tracer wire for electronic locating in many of the Company's PVC lines.

The Company is working to prevent future damage in several ways. The Company has worked to educate the contractors working on projects that are in direct proximity to the pipeline, especially the contractors working to replace the PVC mains and services for Great Plains or other utility projects in the Right of Way. Also, a new locate technology has been deployed to determine the location for pipelines installed without tracer wire. This new technology, using an ultrasonic method, is in service this year to aid in the location of facilities and to minimize the exposure to damages.

Great Plains has been in discussions with the Minnesota Office of Pipeline Safety (MNOPS) regarding the damages that occurred in 2012 and measures that have been implemented to help mitigate damages going forward. As a prudent pipeline operator, Great Plains is dedicated to determining the cause of damages and to act on that information by putting into place methods, education, or systems to help prevent future damages.

10. Gas Service Interruptions

Standard: Each utility shall report data on service interruptions. Each interruption shall be categorized according to whether it was caused by the utility's employees or contractors, or whether it was due to any other unplanned cause.

Great Plains: Great Plains had a total of 48 gas service interruptions in 2012 affecting a total of 115 customers. There were no gas service interruptions qualifying as reportable to MNOPS in 2012.

The 2012 data is provided on Schedule 10 of the 2012 Service Quality Report.

DOC: For 2012, Great Plains reported 48 service interruptions. There were 25 service interruptions reported in 2011. Of the 48 interruptions reported in 2012, 13 were caused by Great Plains, and all others were caused by other parties or causes. In 2011, 22 interruptions were caused by Great Plains workers or contractors, with the remainder caused by other causes. None of the service interruptions that occurred in 2012 were MnOPS reportable events.

While the DOC is somewhat concerned with the increase in service interruptions sustained in 2012

as compared to 2011, it is difficult to determine what a reasonable level of interruptions would be given that this metric has only been reported for two years. The DOC recognized that service interruptions and line damages are often related, requests that Great Plains explain whether the service interruptions increase is tied to the increase in line damages, and, if it is not, provide an alternate explanation for the increase.

Great Plains Reply: The increase in service interruptions is directly attributable to the increase in damage events that occurred in 2012.

11. Emergency Response Time

Great Plains: The average percent of calls answered within 20 seconds or less increased from 79.97% in 2011 to 83.75% in 2012. The average speed of answer also improved from 15 seconds in 2011 to 13 seconds in 2012. There were a total of 1,437 calls coming into the system as emergency calls in 2012.

The data 2012 data is provided on Schedule 11 of the 2012 Service Quality Report.

DOC: Great Plains reported 367 gas emergencies, which is a decrease of 139 over the 506 emergencies reported in 2011 and a decrease of 215 over the 582 gas emergencies reported in 2010. In terms of response times, the Company was able to respond to all but 1 in less than one hour. This represents an improvement of 7 over the 8 emergencies not responded to in under an hour in 2011 and an improvement of 14 over the 22 emergencies that took more than an hour for response in 2010. The DOC acknowledged both the continued improvement in response time between 2011 and 2012 and the decrease in emergencies from 2011 to 2012 and encourages the Company to continue to maintain or improve its response times in the future.

In terms of monthly data, the DOC did not observe any months, or specific incidences, with unusually long response times. There was no month in 2012 in which average speed of answer exceeded 20 seconds, a level that the DOC encouraged the Company to aspire to in future reports in its Comments filed in response to the Company's 2011 Annual Service Quality Report filing.

12. Customer Service Related Operations and Maintenance Expenses

Standard: Each utility shall report customer-service related operations and maintenance expenses. The reports shall include only Minnesota-regulated, customer-service expenses based on the costs recorded in FERC accounts 901 and 903 plus payroll taxes and benefits.

Great Plains: Customer service related expenses decreased from \$349,451 in 2011 to \$347,607 in 2012.

DOC: The Company provided these data in an attachment to its Report. In 2012, Great Plains reported total service quality related O&M expenses of \$347,607, which represents a decrease of \$1,844 over the \$349,451 reported in 2011. On an average basis, the Company's 2012 O&M

expenses were approximately \$28,967 per month. The DOC did not observe any significant shifts in costs between months and notes that the change in expenses between 2010 and 2011 is small. As such, the DOC did not have additional comments on this topic at this time, and will continue to monitor this metric in future service quality reports.

Staff Analysis

The Company has addressed all of the issues raised in the DOC's comments. These include Involuntary Service Disconnections, Emergency Line Answer Times, Damaged Gas Lines, and Service Interruptions. As such, the DOC removed its conditional recommendation regarding the Company's report and now recommends that the Commission accept Great Plain's report.

Finally, the workgroup appears to have made some progress on ensuring consistency in reporting this service quality data. Staff is interested in further exploring ways of making this data more efficiently reported to the Commission, and overall streamline the process. An example of this might be to put this in a spreadsheet report of all data which will allow for a more graphic presentation.

Commission Options

1. Accept Great Plain's 2012 Gas Service Quality Report.
2. Do not accept Great Plain's 2012 Gas Service Quality Report.

Recommendation

Staff recommends that the Commission adopt alternative number 1.