



414 Nicollet Mall  
Minneapolis, MN 55401

March 6, 2018

—Via Electronic Filing—

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101

RE: INITIAL FILING  
INVESTIGATION INTO NATURAL GAS UTILITIES' PRACTICES, TARIFFS AND  
ASSIGNMENT OF COST RESPONSIBILITY FOR INSTALLATION OF EXCESS  
FLOW VALVES AND OTHER SIMILAR GAS SAFETY  
DOCKET NO. G999/CI-18-41

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits this Initial Filing in response to the February 6, 2018 *Notice of Comment Period* of the Minnesota Public Utilities Commission in the above-referenced docket.

We have electronically filed this document with the Commission, and notice of the filing has been served on the parties on the attached service list.

Please contact me at [pamela.k.gibbs@xcelenergy.com](mailto:pamela.k.gibbs@xcelenergy.com) or 612-330-2889; or Amy Liberkowski at [amy.a.liberkowski@xcelenergy.com](mailto:amy.a.liberkowski@xcelenergy.com) or 612-330-6613, if you have any questions regarding this filing.

Sincerely,

/s/

AMY A. LIBERSKOWSKI  
DIRECTOR, REGULATORY PRICING AND ANALYSIS

Enclosures  
c: Service Lists

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF A 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

DOCKET No. G999/CI-18-41

**RESPONSE TO NOTICE**

**INTRODUCTION**

Northern States Power Company, doing business as Xcel Energy, submits this response to the Minnesota Public Utilities Commission's Notice of Comment Period regarding Excess Flow Valves (EFVs) dated February 6, 2018 in the above-referenced Docket. Safety is of paramount importance to the Company and we are glad to have this opportunity to explain the Company's commitment to meeting Pipeline and Hazardous Materials Safety Administration (PHMSA) guidelines in regards to EFVs.

The Notice seeks information from utilities to determine the allocation of costs for the installation of EFVs on service lines when requested by customers. The Notice also seeks information to determine the appropriate charges and tariff language for the installation of EFVs and other gas-safety equipment.

In these Comments, we address the Commission's requests and provide information about our policies and procedures on EFVs and other gas-safety equipment. An EFV is a safety device installed inside a natural gas service line near its connection with our underground main pipeline. The purpose of the valve is to shut off the flow of natural gas in the event of a gas line break.

By way of background, we have approximately 436,000 gas services in Minnesota. To be a candidate for an EFV, the service must be operated at least 10 pounds per square inch gauge (psig) and serve a customer load not greater than 1,000 standard cubic feet

per hour (SCFH). The Company estimates that we have approximately 200,000 services in Minnesota that are candidates for an EFV. Of that population, we have installed approximately 133,000 EFVs on our gas system. Over the last five years, we have installed approximately 6,000 EFVs a year. The majority of these installations have occurred through the installation of new or replacement services, including those replaced as a part of our poor performing service replacement project within the integrity management programs recovered under our Gas Utility Infrastructure Cost (GUIC) Rider. The Company believes it is in full compliance with the EFV rule established by PHMSA, as codified in 49 C.F.R. § 192.383, because we are installing EFVs on all new or replaced service lines (where the line meets the psig and SCFH requirements), we provided the customer notice as required by PHMSA, and install EFVs on existing service lines by customer request.

## **RESPONSE**

### **A. Present Tariffs and Customer-Notification Practices As They Relate to the Installation of EFVs for New, Refurbished, and Existing Customer Lines.**

The Company, in compliance with the PHMSA rule, installs an EFV on each new or replaced service line if the service meets psig and SCFH requirements. This includes any replacement work on a service line, including emergency repairs. This is standard procedure and a customer does not need to request an EFV in these instances.

Per PHMSA rule, utilities are required to “notify customers of their right to request an EFV...”<sup>1</sup> In compliance with this obligation, the Company has posted a notice on our website that explains customers ability to request an EFV to be installed on their existing service lines.<sup>2</sup> This notice outlines customer rights, along with an estimate of the potential installation cost, and provides information to start the installation process.

The Company has also established customer notification guidelines. Our guidelines, which mirror the PHMSA rules, provide for written or electronic notification to customers of their right to request the installation of an EFV (unless an exception applies, such as being outside the psig or SCFH limits discussed earlier). The Company makes these notices available during PHMSA or state inspections.

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<sup>1</sup> See 49 C.F.R § 192.383 (e)

<sup>2</sup> This public notice is available at

[https://www.xcelenergy.com/energy\\_portfolio/natural\\_gas/natural\\_gas\\_safety/natural\\_gas\\_excess\\_flow\\_valves\\_and\\_eligibility](https://www.xcelenergy.com/energy_portfolio/natural_gas/natural_gas_safety/natural_gas_excess_flow_valves_and_eligibility)

The Company's General Extension Policy governs the Company's installation of EFVs at a customer's request. The policy is found in Section 6 Sheet No. 17 in our Minnesota Gas Rate Book. This tariff provides in relevant part that the "customer will . . . reimburse the Company for the cost of any alterations to the Company's property necessitated by the customer . . . ." A copy of this tariff sheet is provided as Attachment A to these Comments.

**B. Similar Gas-Safety Requirements that Customers May Request On the Utility System Between the Main and the Meter Outlet into the Customer's Property**

Certain large usage customers can request that a manual service line shut-off valve be installed on their service. The manual service line shut-off valve would serve as a safety device in lieu of an EFV, which are not available for a service line that serves a customer load higher than 1,000 SCFH. This manual valve allows for easy gas shut-off access for first responders to turn off gas service to a customer location in the event of an emergency.

**C. The Appropriate Amount of Installation Costs that Should be Socialized Among Ratepayers or Paid by a Specific Customer in Light of Recent Changes to Federal Pipeline Safety Regulations**

When installing EFVs in compliance with PHMSA rules, the Company determines the cost responsibility based on the individual situation. If a customer requests an optional EFV to be installed on their existing service line, then that customer has imposed the system cost and is the appropriate party to pay for the optional EFV equipment. The customer is charged the actual cost of the equipment and labor to access their service, install the valve, and restore hard (e.g. sidewalk) and/or soft surfaces (e.g. sod). The Company, in its public notice to customers, states that the average cost of installing an EFV on a customer's existing service line is approximately \$1,100. This is an average cost and customers would be charged based on the actual costs incurred by the Company. The full cost of the installation is paid by the requesting customer.

The costs directly attributable to the installation of an EFV requested by a customer are higher than the installation of an EFV in conjunction with the installation of a new or replacement service. This is because the cost to access the service and restore surfaces are being taken on purely for the EFV. When an installation is occurring in conjunction with a new service install or service replacement, the installation of an EFV only generates marginal incremental costs for the part itself and some additional labor.

When the Company installs EFVs on new or replaced gas service lines to comply with PHMSA, which is a federal law, the Company's capitalization policy classifies this as a capital cost associated with the installation of the new or replacement service line as the valve is a part of the service line. The cost of EFVs are added to rate base and the costs are included in the rates charged to all gas utility customers.

**D. Payment Options for Requesting Customers Along With How to Appropriately Address Requests for EFV Installations From Low-Income Customers**

In the case of a customer requesting the installation of an EFV on an existing service line, the Company treats this as a non-commodity charge, distinct from commodity charges for natural gas usage and other related charges collected through our normal billing process.<sup>3</sup> Customers are invoiced at the time of installation and we do not offer payment plans for this service.

The Company currently treats requests for EFV installations by low-income customers the same as a request from any other customer.

**CONCLUSION**

We appreciate the opportunity to provide comments on this important gas-safety related issue and outline the Company's policies in regards to the installation of EFVs. We look forward to working with the Commission and other parties as this issue is further explored in this proceeding.

Dated: March 6, 2018

Northern States Power Company

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<sup>3</sup> The Company's billing system cannot easily keep non-commodity and commodity charges separate. Without being able to separate the two, it may be difficult to differentiate if a customer falls behind on a non-commodity charge versus commodity charges.

Northern States Power Company, a Minnesota corporation  
and wholly owned subsidiary of Xcel Energy Inc.  
Minneapolis, Minnesota 55401

**MINNESOTA GAS RATE BOOK - MPUC NO. 2**

**GENERAL RULES AND REGULATIONS (Continued)**

Section No. 6  
3rd Revised Sheet No. 17

**SECTION 5 EXTENSION RULES**

**5.1 GENERAL EXTENSION POLICY**

The Company operates under the general principle that subject to the availability of gas supply the Company will extend its gas mains and services to an applicant provided the extension is within allowable footage limits for residential customers or is cost justified for commercial and industrial customers or upon request by City for facilities to serve residential load within an incorporated municipality where sewer and water facilities are being installed, provided the extension is within allowable footage limits. When such conditions are not met, an extension may be constructed if applicant makes appropriate advance payment to the Company. In determining whether the extension is appropriate, the Company will apply the general principle that the rendering of service to an applicant will not create an undue burden on other customers.

The customer, without expense to the Company, will grant the Company right-of-way on his premises for the installation and maintenance of the necessary pipes and appurtenances, and will provide and maintain on the premises, at a location satisfactory to the Company, proper space for the Company's piping, meters, regulators, and appurtenances.

The service and meter connections as installed by the Company will be the Company's property and will be maintained by the Company at its own expense.

The customer will provide for the safekeeping of the Company's meters and other facilities and reimburse the Company for the cost of any alterations to the Company's property necessitated by the customer and for any loss or damage to the Company's property located on the premises, except when the loss or damage is caused solely by the Company's negligence or other causes beyond the control of the customer.

The Company shall waive any CIAC of \$5.00 or less. The Company cannot at any time recover these costs from existing ratepayers.

N  
N

Once the Company waives any contribution by new customers for main and service extension costs, the Company cannot at any time recover those costs from existing ratepayers.

(Continued on Sheet No. 6-17.1)

Date Filed:	11-09-06	By: David M. Sparby	Effective Date:	02-01-08
		President and CEO of Northern States Power Company, a Minnesota corporation		
Docket No.	G002/GR-06-1429		Order Date:	11-29-07

## CERTIFICATE OF SERVICE

I, Lynnette Sweet, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

**DOCKET G999/CI-18-41**

Dated this 6th day of March 2018

/s/

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Lynnette Sweet  
Regulatory Administrator

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