

February 15, 2019

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: Letter from the Minnesota Department of Commerce, Division of Energy Resources regarding Greater Minnesota Gas' 2017 Annual Service Quality Report
Docket No. G022/M-18-314

Dear Mr. Wolf:

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides the following *Letter* regarding Greater Minnesota Gas' (Greater Minnesota or the Company) *2017 Annual Service Quality Report* (Report) filed with the Minnesota Public Utilities Commission (Commission) on May 1, 2018. In its July 31, 2018 *Comments*, the Department withheld final recommendation pending the provision of additional information in *Reply Comments*. In particular, the Department requested that the Company provide:

- A discussion of the inconsistency in its customer counts reported in Greater Minnesota's January 2017 Cold Weather Rule (CWR) Report and a declaration of the correct residential customer count for January 2017;
- A discussion or clarification of certain inconsistencies observed in the Company's weekly CWR Reports as noted in its *Comments*;
- A clarification of whether customer extensions in the Pelican Lake Area are included in the main extension data for 2017;
- A full discussion of which party was responsible for the mislocate incident that resulted in a service interruption and a detailed accounting of any, and all, costs and cost responsibility associated with this incident; and
- A clarification of whether the Company contacted the Department and the Commission when its Minnesota Office of Pipeline Safety (MnOPS) reportable event occurred and, if so, the individuals contacted.

Greater Minnesota responded to the Department's concerns in *Reply Comments* filed on November 29, 2018. The Company apologized for any inconvenience its late-filed *Reply Comments* had and noted the late filing was the result of an oversight on its part. In its *Reply Comments*, Greater Minnesota responded to the Department's request for additional discussion and provided clarifying information.

In terms of the inconsistency in residential customer counts for January 2017, the Company responded that the January 2017 CWR Report contained an inadvertent typographical error which resulted in an apparent underreporting of residential customer counts by 3,000. Greater Minnesota reviewed its

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historical data and concluded that the original data was entered incorrectly, and the Company certifies that 6,718 is the correct residential customer count for January 2017. Greater Minnesota provided an updated January 2017 CWR Report with its *Reply Comments*. The Department appreciates this clarification and provision of the updated January 2017 CWR Report and has no additional comment on this topic.

As noted above and discussed in its *Comments*, the Department observed apparent inconsistencies in various CWR Reports regarding service disconnections and reconnections; as such, the Department requested that Greater Minnesota clarify this information in *Reply Comments*. The Department's concerns were driven by disconnection and reconnection data in the weekly CWR Reports that did not change between reports. Greater Minnesota reviewed its weekly CWR Reports and confirmed that the information in its weekly reports is correct. The Company noted that the information in the weekly CWR Reports reflects information at a certain point in time (*i.e.*, a snapshot) and do not reflect all of the details that may occur between reports. Greater Minnesota provided additional discussion about various weekly CWR Report disconnection and reconnection data and surmised, correctly, that the Department's concern with these data was based on an assumption that the number of disconnected accounts should have decreased with each reconnection. Greater Minnesota explained that this assumption is incorrect. In each of the weeks that the Company reviewed, a customer was disconnected and then reconnected during the same week, which did not impact the total number of disconnected and reconnected customers on a week-to-week basis. The Department appreciates the Company's clarification of this topic and explanation of how Greater Minnesota collects and reports disconnection and reconnection data. Based on the Company's response, the Department concludes that the CWR reports were correctly filed, and the Department does not have additional comments regarding this topic.

In its 2016 Annual Service Quality Report, Greater Minnesota explained that a delayed road project near Pelican Lake resulted in a service extension delay in that area. In its *Comments*, the Department inquired as to whether customers in the Pelican Lake area were included in the main extension data in the Company's 2017 Report. Greater Minnesota explained that it included the customers in the Pelican Lake area in the main extension data in the 2017 Report. The Department appreciates this clarification.

In its *Comments*, the Department requested additional information regarding a mislocate and service hit incident involving a telecommunications utility. The Department requested this information because, based on the information in the Report, the Department was unclear which party was responsible for the service line hit and the costs associated with repairing the damaged service line. Greater Minnesota provided clarifying information regarding this incident in its *Reply Comments*. The Company explained that the locator responsible for this incident was a Greater Minnesota employee. This employee responded to an updated locate ticket that involved two different activities, occurring in close proximity to each other, and, since it was an updated ticket, there were already flags and markings in place. Ultimately, there was confusion as to the updated request and additional

infrastructure was not located, which resulted in the telecommunications utility hitting the Company's service line and causing an emergency incident. The Company confirmed that it was at fault in this incident and did not bill the telecommunications utility for damages. Greater Minnesota noted that it considers the costs associated with incident as *de minimus*; however, it provided an itemized breakdown of total costs, which was \$1,116.51. The Department appreciates Greater Minnesota's clarification of this incident. As a point of clarification, although the Company believes the costs associated with this incident are *de minimus*, the Department reiterates that since Greater Minnesota is the responsible party, these costs should be borne by shareholders and excluded from any calculation of rates in any future rate proceeding.

In its *Comments*, the Department analyzed the single MnOPS reportable event that occurred on the Greater Minnesota system in 2017. As part of this analysis, the Department noted that it was not aware that Greater Minnesota, in compliance with the Commission's Order in Docket No. G999/CI-09-409, notified the Commission or the Department concurrent to contacting MnOPS. Greater Minnesota responded in *Reply Comments* that it did not report this event to the Commission or the Department concurrent to MnOPS and regrets that it did not implement this requirement. The Company did note that it has instituted a change in its reportable event procedures in response to the Department's *Comments*. The Department appreciates the Company's change in procedures and has no additional comments on this topic.

Based on the Department's analysis of the 2017 Report and the Company's *Reply Comments*, the Department recommends that the Commission accept Greater Minnesota's 2017 Report.

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

Sincerely,

/s/ ADAM J. HEINEN
Rates Analyst

AJH/jl

CERTIFICATE OF SERVICE

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, 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 – LETTER & RECOMMENDATIONS

Docket Nos. **G022/M-18-314**

Dated this **15th** day of **February, 2019**.

/s/Linda Chavez

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_18-314_18-314
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_18-314_18-314
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_18-314_18-314
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_18-314_18-314
Brian	Gardow	bgardow@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 Le Sueur, MN 56058	Electronic Service	No	OFF_SL_18-314_18-314
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Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_18-314_18-314
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_18-314_18-314