COMMERCE DEPARTMENT

September 28, 2023

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

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G011/M-23-80

Dear Mr. Seuffert,

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

> In the Matter of the Annual Service Quality Report for Minnesota Energy Resources Corporation for 2022.

Joylyn C. Hoffman Malueg, Project Specialist 3 with Minnesota Energy Resources Corporation filed the petition on May 1, 2023.

The Department recommends the Minnesota Public Utilities Commission (Commission) **accept Minnesota Energy Resources Corporation's (MERC's) report.** The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ FELICIA CULLEN
Financial Analyst

FC/ar
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. G011/M-23-80

I. BACKGROUND

On April 16, 2009, the Minnesota Public Utilities Commission (Commission) opened an investigation into natural gas service quality standards and requested comments from the Minnesota Department of Commerce, Division of Energy Resources[1] (Department) and all Minnesota regulated natural gas utilities in Docket No. G999/CI-09-409 (09-409). As a result, Minnesota gas utilities are required to file annual reports with information pertaining to service quality standards; these reports provide the Commission with an opportunity to review the utility's service quality metrics and determine whether the utility is meeting the relevant service quality standards.

On May 1, 2023, Minnesota Energy Resources Corporation (MERC or the Company) filed its 2022 *Annual Service Quality Report* (Report). MERC requests the Commission issue an Order accepting the Company's 2022 Gas Service Quality Report.

II. DEPARTMENT ANALYSIS

Each year, the Department analyzes MERC's annual service quality report information by comparing the current service quality data to that provided in prior years. The Department looks for trends and changes in the Company's service quality metrics to determine whether further information is needed and to summarize the data the Company provided over time. In addition, the Department reviews the annual report to determine whether it complies with applicable statutes, rules, and Commission orders. Based on our review, the Department makes a recommendation to the Commission to either accept or reject the annual report.

The Department did not identify areas of significant concern regarding MERC's Report, and we conclude the Company complied with all applicable service quality reporting requirements. In the following sections, the Department provides background information on MERC's service quality reporting as well as a discussion on the data the Company submitted for each service quality reporting requirement.

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

A. BACKGROUND ON MERC'S SERVICE QUALITY REPORTING

MERC began submitting periodic service quality reports pursuant to the Commission's March 1, 2004 *Order* in Docket No. G007,011/CI-02-1369. In this *Order*, the Commission required Aquila, Inc. (MERC's predecessor) to file quarterly service quality updates in Docket No. G007,011/CI-02-1369 and requested the Department file comments reviewing the Company's service quality reports by February 28th of each year. Aquila, Inc./MERC filed quarterly service quality reports[2] through calendar year 2009.

As a result of the Commission's investigation into gas utility service quality reporting (Docket No. G999/CI-09-409), MERC began filing annual, rather than quarterly, service quality reports. The Commission supplemented the 09-409 reporting requirements by setting additional requirements in its March 6, 2012 *Order Accepting Reports and Setting Further Requirements* in Docket No. G007,011/M-10-374, *et. al*. The Commission's March 6, 2012 *Order* also directed the Minnesota natural gas utilities to convene a workgroup to improve reporting consistency and address other issues. This workgroup[3] met on June 22, 2012 and developed more uniform reporting.[4]

In its January 7, 2020 *Order* in Docket No. G011/M-19-303, MERC's 2019 service quality report, the Commission required the Company to file the following Transmission and Distribution Integrity Management Program (TIMP/DIMP) information in its annual service quality reports going forward:

- Based on the utility's filing under 47 C.F.R. § 192.1007(e) and the baseline information provided on May 1, 2019, an update of: integrity management plan performance measures; monitoring results; and evaluation of effectiveness.

- A summary of any emergency response violations cited by the Minnesota Office of Pipeline Safety (MNOPS) along with a description of the violation and remediation in each circumstance.

- The number of violation letters received by the utility from MNOPS during the year in question.

- The uniform reporting metrics for installation of excess flow valves and manual service line shut-off valves to be developed as follows: By December 6, 2019, after consultation with the other gas utilities obligated to report EFV metrics, MERC shall provide recommendations for uniform reporting of annual and overall EFV manual shutoff valve installation on its distribution system. The recommendations could include:
  - A uniform definition of the number of customers suitable for EFV
  - A uniform definition of the number of customers suitable for manual shut-off valves
  - Metrics for the number of customers receiving installations upon request prior to a system upgrade that would require the installation of EFVs

[2] Docket Nos. G007,011/CI-02-1369, G007,011/M-07-1641, and G007,011/M-09-488.
[3] CenterPoint Energy, Great Plains, Interstate Power and Light (which was subsequently sold to MERC), MERC, Xcel Energy, and the Department participated in the workgroup.
[4] See Attachments 1 and 2 in the Department's June 27, 2013 *Comments* in Docket No. G007,011/M-13-355 for the matrix summarizing each utility's reporting content for each metric and a workgroup agenda.

In a separate *Order*, also issued on January 7, 2020 in Docket No. G011/M-19-303, the Commission required MERC to include the following in future service quality reports:

- Leak count by facility type and threat:
  - Total count by cause – above ground
  - Total count by cause – mains
  - Total count by cause – services
- Leak count on main by material
- Leak count on service by material.

In its February 23 *Order* in Docket No. G999/CI-18-41, the Commission required MERC to address the annual reporting on EFV outreach required with respect to Order Points 7a-c of the Commission's August 20, 2018, *Order*[5] in Docket No. G999/CI-18-41 in this Gas Service Quality Report.

In its August 6, 2021 *Order* in Docket No. G011/M-20-456, MERC's 2020 service quality report, the Commission determined the following:

- MERC is no longer required to monitor and report on its ICE project[6] metrics or to set aside $500,000 as a performance incentive.
- As of October 1, 2021, MERC shall supplement its service quality reports with a discussion of what would be an appropriate method to compare performance nationally or regionally. The supplement must identify any already existing industry service-quality comparisons, what service qualities could be best for comparison, appropriate similar utilities to compare against, and how such a national comparison could be integrated in future service quality reporting.

The Commission delegated authority to the Executive Secretary to form a working group which will continue to explore options for comparative performance metrics.[7]

In its May 1, 2023 *Order* in Docket No. G011/M-22-219, MERC's 2021 service quality report, the Commission determined the following:

- MERC is no longer required to report on MnOPS reports that were established on page 4 of the Commission's March 6, 2012 order in Docket No. G-011/M-10-374.
- MERC is required to report on complaints due to "wrongful disconnect" starting with its 2023 gas service quality report.

[6] Docket No. G011/GR-15-736.
[7] Docket No. G-022/M-21-304

- Within 90 days of the order and after consultation with the other gas utilities, MERC is required to participate in a joint filing for a reporting template for web-based metrics in .xlsx format including:
  - A uniform list of customer service electronic communication types.
  - A uniform list of subjects for which to categorize email or customer service communications based on the compliant reporting categories outlined in Minnesota Rule 7826.2000 when feasible.

In its August 22, 2023 *Order* in Docket No. G011/M-22-219, the Commission accepted MERC and the other gas utilities' request for an extension to submit their web-based metrics reporting template until 30 days following the conclusion of the Natural Gas Working Group process or the web-based metrics become part of the Natural Gas Working Group's recommendations.

B. CALL CENTER RESPONSE TIME

Minnesota Rule 7826.1200, subpart 1, states that electric utilities must answer within 20 seconds at least 80% of calls made to the utility's business office during regular business hours. Consistent with this Rule and the corresponding reporting requirements under Minnesota Rule 7826.1700, the Commission required regulated gas utilities to provide in their annual service quality reports the percentage of business office calls answered within 20 seconds. MERC reported this call center information in Attachment 1 of its Report, as required by the 09-409 *Order*.

Table 1: MERC's Call Center Response Times

Calendar Year	*Average Percentage (%) of Calls Answered in 20 Seconds or Less*	*Average Number of Seconds Before Calls were Answered*[8]	*Average Number of Calls per Month*	*Total Number of Calls Answered*
2012	82	19.42	27,321	327,851
2013	81	19.00	33,117	397,404
2014	75	33.83	33,165	397,976
2015	79	27.42	30,811	369,736
2016	81	34.83	21,081	252,972
2017	84	14.50	20,404	244,853
2018	79	19.67	21,998	263,979
2019	77	21.08	23,891	286,697
2020	84	12.83	17,133	205,592
2021	81	18	15,120	181,442
2022	82	16	16,741	200,888

As shown in Table 1, on average, MERC answered approximately 82% of calls made to its business center within the required 20 seconds during 2022. MERC's total call volume has been around 200,000 for the past three years, which is substantially lower than pre-pandemic years, and the average percentage of calls answered in 20 seconds or less has remained above 80 during that time. On page 2

[8] Note that, for certain years, the average number of seconds before calls were answered shown Table 1 in the instant comments do not match the corresponding figures shown in Table 1 of MERC's Report. In particular, the Department-calculated averages for 2014 and 2016 are more than one second less than those shown in Table 1 of MERC's Report. The Department's conclusions on the Company's call center response times are unchanged by these discrepancies.

of its Report, the Company explained the low call volume in 2021 was likely due, at least in part, to MERC's suspension of residential customer disconnections from March 2020 through August 2021, pursuant to Docket No. E, G-999/CI-20-375, *In the Matter of an Inquiry into Actions of Electric and Natural Gas Utilities in Light of the COVID-19 Pandemic Emergency*. Since the moratorium on disconnections was lifted, call volume has begun to increase again.

C. METER READING PERFORMANCE

In its 09-409 *Order*, the Commission required regulated gas utilities to report meter reading performance data in the same manner as prescribed for electric utilities in Minnesota Rule 7826.1400.[9] The Commission also required MERC to provide meter reading statistics associated with its farm tap customers. Farm tap customers are required to periodically read their own meters and to allow MERC to read their meters annually. In Attachment 2 of the instant filing, MERC provided the required meter reading performance data both with and without farm tap customer data included.

Table 2 documents MERC's meter reading performance data.

Table 2: MERC's Meter Reading Performance, Excluding Farm Tap Data

Calendar Year	*Percentage (%) of Meters Read by MERC*	*Percentage (%) of Meters Read by Customers*	*Average Number of Meter Reading Personnel*
2012	98.03	1.94	25.2
2013	96.25	3.75	24.7
2014	96.33	3.67	25.4
2015	97.77	0.26	26.2
2016	96.04	0.04	25.1
2017	99.94	0.05	23.9
2018	98.34	0.04	23.2
2019	93.19	0.04	22.8
2020	91.36	0.04	16.8
2021	95.33	0.01	4.0
2022	95.85	0.01	1.8

MERC reported in any given month in 2022, the Company had, on average, 13 customer meters (excluding farm tap customer meters) that had gone unread for six or more months. In Attachment 2 of the filing, there is a comment section containing brief explanations/notes.

[9] Minnesota Rule 7826.1400 requires the annual service quality report include data on (A) the number and percentage of customer meters read by utility personnel, **and** (B) the number and percentage of customer readers self-read by customers, and (C) the number and percentage of meters that have not been read by the utility for 6 – 12 months and periods longer than 12 months, and (D) the utility's monthly meter-reading staffing levels.

Table 2a provides select statistics on MERC's farm tap meter reading:

Table 2a: MERC's Meter Reading Performance for Farm Tap Customers[10]

Calendar Year	*Number of Meters Left Unread for 6-12 Months*	*Number of Meters Left Unread for More than 12 Months*
2012	2,097	270
2013	1,069	237
2014	1,439	91
2015	1,406	78
2016	12,419	530
2017	1,540	14
2018	2,056	16
2019	2,252	98
2020	1,970	18
2021	2,462	41
2022	2,118	57

Inclusive of farm tap customer data, MERC reported for each month of 2022 (1) the Company read more than 96% of customer meters, (2) less than 0.3% of customer meters were read by customers, and (3) less than 0.1% of meters had not been read in six or more months.

Table 2b shows data associated with MERC's meter reading staffing levels:

Table 2b: MERC's Meter Reading Full-time-equivalents (FTEs) and Hours Charged

Calendar Year	*Total Meter Reading FTE[11]*	*Total Hours Charged to Meter Reading*
2015	32.5	54,886
2016	31.5	52,298
2017	30.7	49,874
2018	32.9	48,411
2019	35.8	47,536
2020	22.8	35,134
2021	4.0	8,359
2022	1.8[12]	3,684

MERC reported the lowest total FTE meter reading staffing level and the fewest hours charged to meter reading in 2022, compared to the prior years. On page 4 of its Report, the Company explained these decreases in meter reading staffing levels/time charged were driven primarily by MERC's ongoing implementation of advanced metering infrastructure throughout 2022.

[10] The meter number figures in Table 2a are the sum totals of the number of unread meters MERC reported for each month in the given reporting year. Note that these sum totals double count meters that remain in an unread status over multiple months. For example, if MERC reported 100 meters unread for 6-12 months in each of January and February, the sum total of unread meters for those two months would be 200 meters (100 + 100); if February's unread meter count (100 meters) includes, say, 25 of the same meters that were included in January's unread meter count, then the 200 meter sum total recognized these 25 meters twice.

[11] Includes MERC's internal FTEs and external contracted FTEs.

[12] There were no external contracted FTEs for 2022 reported on attachment 2a.

D. INVOLUNTARY SERVICE DISCONNECTION

The Commission's 09-409 *Order* required regulated natural gas utilities to provide involuntary service disconnection information as outlined in Minnesota Statutes §§ 216B.091 and 216B.096 and relating to the Cold Weather Rule (CWR). MERC provided this data in Attachment 3 of its Report. Table 3 provides a summary of the Company's involuntary service disconnection data.

Table 3: MERC's Involuntary Service Disconnections

Calendar Year	*Number of Disconnection Notices Mailed to Customers*	*Number of CWR Requests*	*Percentage (%) of CWR Requests Granted*	*Number of Involuntary Disconnections*	*Percentage (%) of Involuntary Disconnections Restored within 24 Hours*
2012	55,611	5,407	100	6,358	90
2013	71,491	6,058	100	8,484	81
2014	87,069	7,014	100	6,801	88
2015	71,061	8,748	100	5,393	48
2016	2,690	4,649	100	782	38
2017	37,208	8,751	100	1,744	81
2018	58,151	10,014	100	3,438	70
2019	55,276	8,693	100	4,961	84
2020	15,804	1,203	100	338	26
2021	7,684	414	99.8	812	0
2022	34,262	1,963	100	4,427	0.29[13]

For 2022, the Company reported a higher number of disconnection notices, CWR requests, and involuntary disconnections, compared to the two prior years. However, the numbers are still much lower than all pre-pandemic years, except 2016. Regarding its involuntary service disconnections, MERC stated the following:

> MERC temporarily suspended disconnection activity during the transition to its new ICE system and during the period of system stabilization. As a result, MERC's 2016 disconnection rates were lower than prior years... MERC reinitiated its disconnection process in the latter part of 2016 and… 2017 disconnection rates increased from 2016 levels. In 2018 and continuing into 2019, disconnections returned to being more in line with historic levels.
>
> In 2020 and continuing into 2021, because of the COVID-19 pandemic and suspension of Residential disconnections, the number of disconnections were substantially lower than previous years. All Residential

[13] Prior to 2020, MERC had reported the % of customers restored within 24 hours based on those restored within 24 hours of entering a payment plan. In accordance with the Commission's March 8, 2021 Order Adopting Reports and Requiring Filings in Docket No. E,G999/CI-20-375, MERC now reports using the approved Residential Customer Status Report as the number of customers whose service was restored within 24 hours of initial disconnection. As a result of the modification in reporting, comparisons cannot be made between current reporting and data reported prior to 2020.

> disconnections were suspended in March 2020 and, in accordance with the Commission's May 26, 2021, Order Adopting Broad Transition Plan Proposal, Suspending Negative Reporting, and Establishing Notice and Communication Requirements, in Docket No. E, G-999/CI-20-375, MERC continued the suspension of Residential disconnections through August 2, 2021. Additionally, per that Commission Order, MERC continues to suspend disconnections of customers with past due balances who have a pending application or have been deemed eligible for LIHEAP/EAP assistance through April 30, 2022.5 The Company resumed collection and disconnection activities on August 2, 2021 and continues to work with customers to address arrears, establish affordable payment plans, and provide information regarding access to available funding.[14]

E. SERVICE EXTENSION REQUESTS

In its 09-409 *Order*, the Commission required regulated natural gas utilities to provide the service extension request information described in items A and B of Minnesota Rule 7826.1600,[15] with the exception of information already provided as outlined in Minnesota Statutes §§ 216B.091 and 216B.096, subdivision 11. MERC provided this data in Attachment 4 of its Report. The Company included data on service requested and subsequently extended to (1) locations that were *not* previously connected to the utility's system and (2) locations previously connected to the system. The following tables show the service extension request data MERC submitted.

Table 4: MERC's Service Extension Requests for New Service Locations

Calendar Year	**Residential Customers**		**Commercial Customers**	
	Number of Service Installations	*Average Number of Days to Complete Installation*	*Number of Service Installations*	*Average Number of Days to Complete Installation*
2012	1,678	18	140	34
2013	2,070	21	77	25
2014	2,044	24	148	75
2015	1,974	30	225	46
2016	2,027	12	244	20
2017	2,269	19	242	27
2018	2,252	19	303	26
2019	2,195	16	265	29
2020	2,447	16	229	26
2021	2,525	19	264	25
2022	2,208	19	259	31

[14] Petition, pages 5-6.

[15] Minnesota Rule 7826.1600 requires the annual service quality report include information on the utility's service extension request response times for each customer class and month; the utility is required to separately identify customer request data for locations not previously served *and* locations previously served.

Table 4(a): MERC's Service Extension Requests for Previously Served Locations

	Residential Customers		Commercial Customers	
Calendar Year	*Number of Service Installations*	*Average Number of Days to Complete Installation*	*Number of Service Installations*	*Average Number of Days to Complete Installation*
2012	8,235	1	607	<1
2013	7,317	<1	571	<1
2014	11,888	<1	507	<1
2015	9,120	<1	1,012	1.08
2016	6,398	<1	383	<1
2017	5,054	<1	438	<1
2018	4,861	<1	399	<1
2019	6,190	<1	496	<1
2020	3,940	<1	406	<1
2021	4,501	0	480	0
2022	4,823	0	316	0

Tables 4 and 4(a) demonstrate the number of service extension requests for both newly and previously served locations has fluctuated over time and service installation time for previously served locations has consistently been significantly less than for new locations. The average number of days to complete service installations has varied from year to year for newly served locations and remained steady for previously served locations.

F. CUSTOMER DEPOSITS

In alignment with Minnesota Rule 7826.1900, which is applicable to regulated electric utilities, the Commission has required each natural gas utility to provide data on the number of customers required to make a deposit as a condition of receiving service. MERC reported no customers were required to make a deposit as a condition of receiving service in 2022.[16] Table 5 shows data on the customer deposits required and held by MERC over time.

Table 5: MERC's Customer Deposits

Calendar Year	*Deposits Required*	*Deposits Held*
2012	23	695
2013	16	625
2014	17	538
2015	2	499
2016	0	3
2017	672	88
2018	0	66
2019	0	24
2020	0	20
2021	0	17
2022	0	12

[16] Petition, page 7.

MERC stated the following regarding its customer deposits:

> As discussed in MERC's July 30, 2018, Reply Comments filed in the Company's 2017 Gas Service Quality Report docket, Docket No. G011/M-18-317, in late 2017, MERC discovered that it collected deposits from low-income customers in violation of the Company's policy, and the deposits collected were higher than allowed under MERC's tariff. Upon realizing the mistake, the Company refunded all residential deposits collected in 2017. MERC also suspended collection of deposits in 2017, and that trend continued into 2018, 2019, 2020, 2021 and 2022.[17]

G. CUSTOMER COMPLAINTS

The Commission's 09-409 *Order* required regulated natural gas utilities to provide the total number of complaints received and resolved for each of several complaint categories. This requirement aligns with the requirements outlined in Minnesota Rule 7826.2000 for electric utilities. The complaint category of "wrongful disconnection" – as stated in Minn. R. 7826.2000(B) – was added in the Commission's May 1, 2023 *Order* in Docket No. G011/M-22-219. MERC reported all the required information in Attachment 5 of its Report. Table 6 summarizes select customer complaint data MERC submitted.

Table 6: MERC's Customer Complaints

Calendar Year	*Number of Complaints Received*	*Number of Complaints Forwarded from the Consumer Affairs Office*	*Percentage (%) of Complaints Resolved Upon Initial Inquiry*
2012	1,904	15	89
2013	1,753	25	86
2014	557	26	71
2015	454	55	28
2016	577	27	18
2017	1,547	10	65
2018	1,883	8	58
2019	1,199	49	76
2020	1,337	32	88
2021	322	25	64
2022	197	45	6

The percentage of complaints resolved upon initial inquiry was significantly lower than any other year so the Department sent an Information Request (IR) asking why. The Company's response is below:

> In 2022, MERC discovered that the Call Center was not properly logging complaints as "first call resolution." First call resolutions are customer complaints that are resolved immediately upon the customer's first call into the Company, and all other complaints are calls that require more assistance and response from the Company. First call resolutions would be

[17] Petition, page 7.

> categorized on Attachment 5 as being resolved "Initially" and remaining complaints would be categorized on Attachment 5 as either resolved "Within 10 days" or "> 10 days," accordingly. The improper logging of first call resolution complaints caused MERC to under-report complaints in 2022 that were immediately resolved. MERC has worked with the Call Center on this issue, which included additional training of Call Center agents to correctly log first call resolution complaints.[18]

The Department appreciates the Company's continuous work on improving customer complaint documentation and resolution.

Table 6(a) provides details on the Company's resolution of its customer complaints. The data shows, overall, that MERC resolves complaints most often through either agreeing with or compromising with the customer.

Table 6(a): MERC's Customer Complaints by Resolution Method

Calendar Year	**Percentage (%) of Customer Complaints Resolved by:[19]**			
	Agreement with Customer	*Compromise with Customer*	*Demonstrate that Circumstances are out of Company Control*	*Refuse Customer Request*
2014	44	27	1	27
2015	41	40	9	10
2016	55	27	6	12
2017	60	40	<1	<1
2018	85	14	<1	<1
2019	75	23	<1	2
2020	92	7	<1	<1
2021	89	8	1	2
2022	71	23	3	4

H. GAS EMERGENCY CALLS

In its 09-409 *Order*, the Commission required Minnesota's regulated natural gas utilities to collect gas emergency phone line data, including the companies' internal performance goal for answering emergency calls. The Company provided data related to the total number of calls, the average telephone answer time, and the percentage of calls answered within 15 seconds (MERC's internal performance goal).

[18] Department Attachment 1.

[19] Figures in Table 6(a) are rounded and may not add up to exactly 100%.

Table 7: MERC's Gas Emergency Phone Calls

Calendar Year	*Number of Gas Emergency Calls*	*Average Number of Seconds Before Calls were Answered*	*Percentage (%) of Calls Answered in 15 Seconds or Less*
2012	17,341	6.83	92
2013	19,011	6.83	93
2014	19,205	10.08	93
2015	19,205	9.25	93
2016	23,773	3.92	96
2017	20,017	5.58	93
2018	21,920	5.42	94
2019	19,446	5.17	94
2020	15,928	5.92	94
2021	16,787	11	84
2022	19,197	13	83

The Company reported receiving 19,197 emergency phone calls in 2022,[20] a significant increase from 2021. The average speed with which MERC answered emergency phone calls in 2022 also increased from 2021, likely due, in part, to the increased call volume. However, the Company still remains under the average of 15 seconds to answer emergency calls.

I. GAS EMERGENCY RESPONSE TIMES

In its 09-409 *Order*, the Commission required regulated gas utilities to provide data regarding gas emergency response times, including the percentage of emergencies responded to within and over one hour. Additionally, the Commission required MERC to report the average number of minutes it takes to respond to an emergency. Table 8 summarizes the Company's gas emergency response time data.

Table 8: MERC's Gas Emergency Response Time

Calendar Year	*Number of Emergency Calls Requiring Response*	*Percentage (%) of Calls Responded to in **Less than** One Hour*	*Percentage (%) of Calls Responded to in **Greater than** One Hour*	*Average Response Time in Minutes*
2012	6,221	94	6	30.08
2013	6,306	96	4	28.67
2014	6,896	94	6	23.67
2015	5,832	95	5	26.92
2016	5,382	94	6	28.00
2017	6,344	95	5	28.15
2018	6,625	96	4	26.70
2019	7,204	96	4	26.93
2020	6,118	96	4	25.59
2021	5,515	95	5	27.43
2022[21]	5,536	96	4	27.65

[20] Petition, Attachment 6.

[21] Petition, Attachment 6.

Table 8 shows MERC consistently responds to the majority of gas emergencies in less than one hour and its average response time to emergencies remains consistent year to year.

J. MISLOCATES

The Commission's 09-409 *Order* required regulated natural gas utilities to provide data on mislocates. Accordingly, MERC incorporates in its annual service quality reports (1) the number of locate tickets and (2) the number of mislocates that resulted in damage to a gas line, including damage that resulted from a mismarked line or the failure to mark a line. Table 9 summarizes the information relevant to the Company's mislocates.

Table 9: MERC's Mislocates

Calendar Year	*Number of Locate Tickets*	*Number of Mislocates*	*Percentage (%) of Mislocates Relative to Locate Tickets*	*Number of Mislocates per 1,000 Locate Tickets*
2012	70,996	24	0.03%	0.34
2013	76,519	11	0.01%	0.14
2014	84,446	13	0.01%	0.15
2015	92,476	37	0.04%	0.40
2016	99,309	44	0.05%	0.44
2017	101,266	39	0.05%	0.39
2018	98,514	36	0.03%	0.37
2019	105,711	39	0.03%	0.37
2020	126,889	50	0.04%	0.39
2021	116,718	39	0.03%	0.33
2022[22]	106,417	54	0.05%	0.51

Table 9 shows MERC's percentage of mislocates, relative to the total number of locate tickets, has remained well below 1% for all reporting periods, including 2022.

K. DAMAGED GAS LINES

The Commission's 09-409 *Order* required regulated natural gas utilities to provide summary data on gas line damage, including the number of damage incidents caused by (1) the utility's employees or contractors and (2) other factors beyond the utility's control. Table 10 summarizes the Company's gas line damage information.

[22] Petition, Attachment 7.

Table 10: MERC's Damaged Gas Lines

Calendar Year	Number of Gas Lines Damaged:			Miles of Gas Line Operated in Minnesota	Damage Incidents per 100 Miles of Gas Line
	Caused by MERC (A)	Caused by Factors Outside of MERC's Control (B)	Total (A + B)		
2012	32	142	174	4,453	3.91
2013	9	147	156	4,536	3.44
2014	28	177	205	4,536	4.52
2015	37	194	231	4,829	4.78
2016	12	37	49	4,893	1.00
2017	39	204	243	4,953	4.91
2018	48	206	254	5,024	5.06
2019	59	206	265	5,116	5.18
2020	57	264	321	5,195	6.18
2021	55	208	263	5,287	4.97
2022[23]	61	204	265	5,329	4.97

Table 10 shows gas line damage incidents have trended upward over time, with MERC reporting the highest number of damaged gas lines in 2020 relative to prior reporting periods. The Company stated the following in reference to its gas line damage incidents:

> MERC's percentage of mislocates relative to the total number of locate tickets increased somewhat in 2022 relative to 2021 but continued to remain well below 1% at 0.05%. The increase in mislocates and resulting damaged gas lines in 2022 was due to staffing challenges with MERC's locating contractor. To address these issues, MERC focused more internal resources on locate requests and engaged another locating company to assist with completing locate requests.[24]

Table 10a summarizes MERC's gas line damage information relative to the Company's locate tickets:

Table 10a: Damaged Gas Lines Relative to Locate Tickets

Calendar Year	Number of Locate Tickets (A)	Total Number of Damage Incidents (B)	Number of Damage Incidents per 100 Locate Tickets (B)/(A/100)
2012	70,996	174	0.25
2013	76,519	156	0.20
2014	84,446	205	0.24
2015	92,476	231	0.25
2016	99,309	49	0.05
2017	101,266	243	0.24
2018	98,514	254	0.26
2019	105,711	265	0.25
2020	126,889	321	0.25
2021	116,718	263	0.23
2022[25]	106,417	265	0.25

[23] Petition, Attachment 8.
[24] Petition, page 10.
[25] Petition, Attachments 7 & 8.

Table 10a shows that while MERC's annual number of gas line damage incidents has increased over the past several years, the number of damage incidents per 100 locate tickets has remained relatively steady.

L. SERVICE INTERRUPTIONS

In its 09-409 *Order*, the Commission required regulated natural gas utilities to provide service interruption data. The utilities are required to separate these data into categories based on whether the event was caused by Company employees, Company contractors, or some other unplanned cause. The Commission's March 6, 2012 *Order* in Docket No. G007,011/M-10-374, *et. al*. required MERC to provide the number of customers affected by a service interruption and the average duration of the interruptions beginning with its 2011 report. Through its participation in the workgroup, MERC indicated it would calculate total outage time beginning when the outage is reported and ending when service is restored to the last affected customer. The number of service interruptions on MERC's system is shown in Table 11.

Table 11: MERC's Service Interruptions

Calendar Year	**Number of Service Interruptions:**		
	Caused by MERC (A)	*Caused by Factors Outside of MERC's Control (B)*	*Total (A + B)*
2012	17	136	153
2013	5	129	134
2014	1	152	153
2015	22	155	177
2016	35	162	197
2017	26	150	176
2018	26	159	185
2019	41	172	213
2020	40	212	252
2021	40	174	214
2022[26]	51	165	216

MERC reported the total number of service interruptions in 2022 were about the same as 2021. The Company stated the following in reference to service interruptions:

> The number of service interruptions in 2022 (216 interruptions) was slightly higher than in 2021 (214 interruptions). MERC also experienced a higher number of service interruptions caused by MERC employees and contractors in 2022 as compared to prior years. This was largely due to locate staffing issues as described above. As a result of staffing issues in 2022, a number of excavation jobs started without waiting for line locating to be completed, resulting in increased service interruptions.[27]

[26] Petition, Attachments 9 & 9A.
[27] Petition, pages 10-11.

M. MNOPS REPORTABLE EVENTS

The 09-409 *Order* required regulated natural gas utilities to provide summaries of all major events that are immediately reportable to the MNOPS and provide contemporaneous reporting of these events to both the Commission and Department when they occur. The Company began providing this information starting with its 2011 annual report. Table 12 shows MERC's historical MNOPS reportable events. The Company's MNOPS reportable interruptions of 18 for 2022 remained about the same as 2021.

Table 12: MERC's MNOPS Reportable Interruptions

Calendar Year	*Number of MNOPS Reportable Interruptions*
2012	9
2013	11
2014	18
2015	35
2016	25
2017	25
2018	26
2019	20
2020	11
2021	17
2022	18

On page 12 of its Report, MERC stated MNOPS did not cite the Company for any emergency response violations during 2022.

N. CUSTOMER SERVICE OPERATIONS & MAINTENANCE (O&M) EXPENSES

In its 09-409 *Order*, the Commission required regulated natural gas utilities to report (1) customer service-related operation and maintenance (O&M) expenses, accounted for under the Federal Energy Regulatory Commission (FERC) 901 and 903 accounts and (2) payroll taxes and benefits. MERC provided this information in Attachment 12 of its Report. Table 13 summarizes the Company's customer service-related O&M expenses.

Table 13: MERC's Customer Service-Related O&M Expenses Plus Payroll Taxes and Benefits

Calendar Year	*Customer Service O&M Expense Plus Payroll Taxes & Benefits:* ***Total***	*Customer Service O&M Expense Plus Payroll Taxes & Benefits:* ***Monthly Average***
2012	$6,409,328	$534,111
2013	$6,508,066	$542,339
2014	$6,208,247	$517,354
2015	$6,999,383	$583,282
2016	$4,922,974	$410,248
2017	$4,598,883	$383,240
2018	$5,279,836	$439,986
2019	$5,906,408	$492,201
2020	$4,969,798	$414,150
2021	$4,674,130	$389,511
2022	$5,884,151	$490,346

Table 13 shows MERC's customer service-related O&M expenses have fluctuated over time and were higher in 2022 than in 2020 and 2021. The Company stated the following:

> There was a 26% overall increase between 2021 and 2022 in customer-service related expenses recorded in FERC Accounts 901 and 903. Customer service contract vendor costs increased in 2022. Additionally, there was an increase in staffing levels and associated labor costs to manage increased call volumes associated with the resumption of credit and collection activities.[28]

O. ICE PERFORMANCE INDICATORS

In its August 6, 2021, Order Accepting Report and Modifying Future Reporting Requirements in Docket No. G011/M-20-456, the Commission determined ICE-specific monitoring, reporting, and set-aside obligations were no longer necessary or required. As a result, this 2022 Gas Service Quality reporting no longer includes ICE-performance metric reporting.

P. OTHER REPORTING REQUIREMENTS

The Commission's January 7, 2020 *Order* in Docket No. G002/M-19-303 required the Company to provide the following additional information in its annual service quality report. The Department concludes MERC complied with the Commission's *Order* in Docket No. G002/M-19-303. The following subsections discuss the relevant compliance reporting for 2022.

1. *The utility's filing under 49 CFR 192.1007 (e) and the baseline information provided on May 1, 2019, an update of: integrity management plan performance measures; monitoring results, and evaluation of effectiveness.*

The Company included this information in its Report and provided a general overview of the Company's integrity management plan, monitoring results, and the effectiveness of its plan.[29]

2. *The number of violation letters received by the utility from MNOPS during the year in question.*

MNOPS issued 18 violation letters to the Company in 2022.[30] The number of violation letters is slightly up compared to 2021 and around the same amount as in 2020.

3. *Uniform reporting metrics for installation of excess flow valves and manual service line shutoff valves.*

The Commission's *Order* in Docket No. G002/M-19-303 required MERC, in consultation with the other gas utilities, to recommend a uniform reporting methodology for annual and overall excess flow valve (EFV) as well as manual shutoff valve installations on the Company's distribution system. On December

[28] Petition, page 12.
[29] Petition, Attachment 11.
[30] Petition, page 13, Table 5.

6, 2019, MERC submitted a compliance filing with proposed uniform definitions and reporting metrics for EFV and manual shutoff valve installations. In that compliance filing, MERC, along with the other natural gas utilities, agreed to the following definitions:

- **Number of customers suitable for an EFV:** A customer is suitable for an EFV if they fall under the installation requirement of 49 C.F.R. §192.383, which requires the service line to be operated at least 10 pounds per square inch gauge and to serve a customer load not greater than 1,000 standard cubic feet per hour (SCFH). However, the actual number of services eligible for EFV installation may vary, because an engineering analysis is required on a case-by-case basis to determine actual technical feasibility.

- **Number of customers suitable for manual shutoff valve:** A customer is suitable for a manual shutoff valve if they do not meet the requirements of 49 C.F.R. § 192.383.

In Tables 8 and 9 of its Report MERC indicated 30.4% and 7.7% percent of eligible customers have EFVs or manual shutoff valves, respectively. The following table shows, by year, the cumulative number of EFVs and manual shutoff valves installed on MERC's system.

Table 15: MERC's Cumulative EFV and Shut-off Valve Installations

Valve	*2018*	*2019*	*2020*	*2021*	*2022*
EFV	50,363	55,837	59,922	65,788	70,635
Manual shutoff valve	124	195	249	312	379

4. Transmission/Distribution Integrity Management (TIMP/DIMP) Plan and Leak Counts

The Commission's *Order* in Docket No. G002/M-19-303 required MERC to file with its service quality report TIMP/DIMP data on leak count by facility type and threat, leak count on main by material, and leak count on service by material. Table 6 of MERC's Report provides the Company's leak counts by facility type, main material, and service material. Table 7 of the Report provides leak counts by cause for above-ground facilities. MERC reported details of its leak count by threat and by facility type in Attachment 11 of its Report. The Department notes the total number of leaks in 2022 were 6 for mains and 13 for services, which is lower than the past three years total leaks for mains and services.

Q. NATIONAL/REGIONAL SERVICE QUALITY COMPARISON DISCUSSION

MERC, along with CenterPoint Energy, Great Plains Natural Gas, Greater Minnesota Gas, and Xcel Gas (the Gas Utilities) made a joint filing on October 1, 2021 in response to the Commission's request that the Gas Utilities "identify already existing industry service quality comparisons, what service qualities could be best for comparison, appropriate similar utilities to compare against, and how such a national comparison could be integrated in the future service quality reporting."

In that filing the Gas Utilities delineated their efforts to identify different existing natural gas local distribution benchmarking efforts at the regional or national level. They concluded:

> Because the Gas Utilities have not been able to identify any universally reported service quality metrics beyond those regarding safety and

> reliability, the Gas Utilities are unable to suggest service quality metrics that would be suitable for comparison. Likewise, with the exception of the information in the J.D. Power report, the Gas Utilities are not aware of a means to identify similar utilities to compare against. . .the Gas Utilities are, quite frankly, at a loss as to how a regional or national comparison could be integrated into future service quality filings.

At the Commission's July 15, 2021 agenda meeting, which addressed the Gas Utilities' 2020 service quality reports, the Department advised the Commission the American Gas Association (AGA) might serve as a clearinghouse for national service quality benchmarking standards. The Department was hoping the AGA would be tracking a sufficient level of information such that it could provide an "off-the-shelf" benchmarking option for the Commission. The Gas Utilities noted in their October 1, 2021 joint filing that, in response to their inquiries on this issue, the AGA explained that it does not provide such benchmarking standards.

The Commission, as part of its order for Docket No. G-022/M-21-304, issued August 5, 2022, included the following:

> Delegated authority to the Executive Secretary to implement a working group with regulated Gas Utilities, the Department of Commerce, Minnesota Office of Pipeline Safety (MnOPS), and Commission staff to continue exploring comparative performance metrics.

Regarding comparative performance metrics, the Department remains willing to participate in the working group to continue exploring comparative performance metrics and looks forward to contributing.

R. WEB-BASED SERVICE METRICS

The Department recommended additional information in the electric utilities' service reliability and service quality reports related to web-based service metrics during the 2021 reporting cycle. The Department intentionally did not recommend the same data in the 2020 gas reports, as we were being responsive to the Commission's notice in the electric SRSQ dockets. However, as part of its order in Docket No. G011/M-21-313 the Commission requested "the Gas Utilities propose a web-based service metrics similar to that required of electric utilities by September 1, 2022 as a supplemental filing in their 2021 gas service quality report dockets."[31]

In response to this order, on September 1, 2022, the Gas Utilities, including MERC, submitted a joint compliance filing in which they outlined their proposed web-based service metrics. The Gas Utilities expect to first report on the below information in their annual service quality reports for 2023, which will be filed in 2024:

[31] Docket No. G-011/M-21-313, PUC *Order*

Percentage Uptime		[to second decimal]
	General Website	XX.XX%
	Payment Services	XX.XX%
Error Rate Percentage		[to third decimal]
	Payment Services	XX.XXX%

Additional metrics regarding electronic customer interaction:

- Yearly total number of website visits
- Yearly total number of logins via electronic customer communication platforms
- Yearly total number of emails or other customer service electronic communications received
- Categorization of email subject and electronic customer service communications by subject, including categories for communications related to assistance programs and disconnections as part of reporting under Minnesota Rule 7826.1700.

The Gas Utilities explained that while they believe their respective technology systems can facilitate this reporting, there may be situations where they cannot use an automated method to pull the data. The Gas Utilities do not believe it would be an appropriate use of resources to hand tabulate metrics. In such cases, they suggest the utility could report the information is unavailable and suggest the utility should be excused from providing that data.[32]
The Commission, as part of its order for Docket No. G-011/M-22-313, issued May 1, 2023, ordered the natural gas utilities to jointly file a reporting template for web-based metrics in .xlsx format within 90 days of that order, including the following:

a. A uniform list of customer service electronic communication types
b. A uniform list of subjects for which to categorize email or customer service communications based on the complaint reporting categories outlined in Minn. R. 7826.2000 when feasible.

In the same docket, natural gas utilities, including MERC filed an extension request dated August 1, 2023. In it, the utilities state they have met several times but ran out of time at their last meeting to discuss the reporting template for web-based metrics. The extension request was for 30 days following the conclusion of the Natural Gas Working Group (NGWG) process or that it "be incorporated in the NGWG recommendations."[33] In an order dated August 22, 2023, the Commission accepted the extension request.

The Department supports these proposals and will watch for future iterations of reporting on these metrics.

[32] MERC Docket No. G-011/M-21-313, *Compliance Filing – Joint Supplemental Letter*
[33] MERC Docket No. G-011/M-22-219, Joint Natural Gas Utilities *Extension Variance Request*

IV. RECOMMENDATIONS

Based on its review, the Department recommends that the Commission accept MERC's 2022 *Annual Service Quality Report*.

Regarding, comparative performance metrics, the Department remains willing to participate in the working group to continue exploring comparative performance metrics and looks forward to contributing.

Minnesota Department of Commerce
85 7th Place East | Suite 280 | St. Paul, MN 55101
Information Request

Docket Number: G-011/M-23-80 ☐Nonpublic ☒Public
Requested From: MERC Date of Request: 8/28/2023
Type of Inquiry: General Response Due: 9/7/2023

SEND RESPONSE VIA EMAIL TO: Utility.Discovery@state.mn.us as well as the assigned analyst(s).
Assigned Analyst(s): Felicia Cullen
Email Address(es): felicia.cullen@state.mn.us
Phone Number(s): 651-539-1787

ADDITIONAL INSTRUCTIONS:
Each response must be submitted as a text searchable PDF, unless otherwise directed. Please include the docket number, request number, and respondent name and title on the answers. If your response contains Trade Secret data, please include a public copy.

Request Number:	**2**
Topic:	Customer Complaints
Reference(s):	Petition, Attachment 5

Request:

According to the Petition, 11 of the 197 customer complaints, or about 6%, were resolved immediately. The previous 10-year average was 64%, with the lowest being 18% and the highest at 89%. Please explain why the percentage of customer complaints immediately resolved was so low in 2022.

MERC Response:

In 2022, MERC discovered that the Call Center was not properly logging complaints as "first call resolution." First call resolutions are customer complaints that are resolved immediately upon the customer's first call into the Company, and all other complaints are calls that require more assistance and response from the Company. First call resolutions would be categorized on Attachment 5 as being resolved "Initially" and remaining complaints would be categorized on Attachment 5 as either resolved "Within 10 days" or "> 10 days," accordingly. The improper logging of first call resolution complaints caused MERC to under-report complaints in 2022 that were immediately resolved. MERC has worked with the Call Center on this issue, which included additional training of Call Center agents to correctly log first call resolution complaints.

To be completed by responder

Response Date: 9/7/2023
Response by: Nick Krzeminski
Email Address: nicholas.krzeminski@minnesotaenergyresources.com
Phone Number: 651-322-8926

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. G011/M-23-80

Dated this **28th** day of **September 2023**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.com	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_23-80_M-23-80
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_23-80_M-23-80
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_23-80_M-23-80
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Joylyn C	Hoffman Malueg	Joylyn.hoffmanmalueg@wecenergygroup.com	Minnesota Energy Resources	2685 145th St W Rosemount, MN 55068	Electronic Service	No	OFF_SL_23-80_M-23-80
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_23-80_M-23-80
Catherine	Phillips	Catherine.Phillips@wecenergygroup.com	Minnesota Energy Resources	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_23-80_M-23-80
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_23-80_M-23-80
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_23-80_M-23-80
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_23-80_M-23-80

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Tina E	Wuyts	tina.wuyts@wecenergygroup.com	Minnesota Energy Resources Corporation	PO Box 19001 700 N Adams St Green Bay, WI 54307-9001	Electronic Service	No	OFF_SL_23-80_M-23-80