

Staff Briefing Papers

Meeting Date August 26, 2021

Agenda Item *2

Company Community Co-ops of Lake Park (Community Co-ops)
United Natural Gas, LLC (UNG)
Lake Regional Energy Services (LRES)
Dooley's Natural Gas I, LLC (Dooley's I)
Dooley's Natural Gas II, LLC (Dooley's II)

Docket Nos. **G-6956/M-15-856 (Community Co-ops)**
G-6960/M-16-214 (UNG)
G-6977/M-17-186 (LRES)
G-6977/M-17-829 (LRES)
G-6915/M-13-672 (Dooley's I)
G-6915/M-16-756 (Dooley's II)

In the Matter of a Petition of Community Co-ops of Lake Park for an Exemption for Small Gas Utility Franchise

In the Matter of a Petition of United Natural Gas, LLC for Exemption for Small Gas Utility

In the Matter of an Exemption for Small Gas Utility Franchise – Cities of Deer Creek & Parkers Prairie, MN

In the Matter of a Petition of Lake Region Energy Services, Inc. for Exemption for Small Gas Utility – Cities of Dent & Miliona, MN

In the Matter of an Exemption for Small Gas Utility Franchise – Cities of Clara City, Maynard, Raymond, Prinsburg & Blomkest, MN

In the Matter of an Exemption for Small Gas Utility Franchise – Cities of Belgrade & Brooten, MN

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.



Issue Should the Commission approve the annual compliance filings from Community Co-ops, UNG, LRES, Dooley's I, and Dooley's II?

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Relevant Documents

Date

PUC – Notice of Comment Period

May 20, 2021

Department of Commerce-DER – Comments

June 29, 2021

Compliance Filings

Dooley's Natural Gas I, LLC – Compliance Filing and Annual Report

February 26, 2021

Dooley's Natural Gas II, LLC – Compliance Filing and Annual Report

February 26, 2021

United Natural Gas, LLC – Compliance Filings

April 21, 2021

Community Co-ops of Lake Park – Compliance Filing

April 26, 2021

Lake Region Energy Services, Inc. – Compliance Filings

May 1, 2021

I. Statement of the Issue

Should the Commission approve the annual compliance filings from Community Co-ops, UNG, LRES, Dooley's I, and Dooley's II?

II. Background

All of the five natural gas utilities have filed for and received Commission approval and confirmation of their small gas utility franchise exemptions, pursuant to Minn. Stat. §216B.16, Subd. 12.¹ This exemption allows small gas providers to provide natural gas service to customers located in municipalities and nearby incidental loads without being subject to Commission rate regulation. Instead of Commission oversight, governance is provided by the municipalities.

On November 9, 2018, the Commission issued its Order Determining Compliance with Commission Orders and Establishing Filing Requirements, in these dockets, which required a uniform compliance filing from each of the exempt small gas utilities by May 1, 2019. The compliance filings were required to include:

- Updated customer counts with a statement that the utility doesn't discriminate between customers that are located inside or outside the municipality, and if it does, why;

¹ Minn. Stat. §216B.16, Subd. 12. **Exemption for small gas utility franchise.**

(<https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.12>)

(a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in the municipality as long as the public utility serves no more than a total of 5,000 customers.

(b) The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation.

(c) However, the commission shall require the utility to adopt the commission's policies and procedures governing disconnection during cold weather. The utility shall annually submit a copy of its municipally approved rates to the commission.

(d) In all cases covered by this subdivision in which an exemption for service outside of a municipality is granted, the commission may initiate an investigation under section 216B.17, on its own motion or upon complaint from a customer.

(e) If a municipality files with the commission a resolution of its governing body rescinding the request for exemption, the commission shall regulate the public utility's business in that municipality under this section.

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- Any municipality-approved rate changes that occurred in the prior year and when these changes went into effect;
- All changes to the tariff book in redlined and final revised form;
- A copy of the Cold Weather Rule disconnection notice sent to all customers, including how the notice was communicated and the date sent;
- A copy of any utility disconnection reports served to any municipalities; and
- A copy of the notice form sent to customers in arrears with any policy not clearly identified in the tariff regarding budget billing plans, payment arrangements, and under-charge repayment.

In its November 9, 2018 Order, the Commission also stated that after submitting their May 1, 2019 compliance filings:

Each year thereafter, all small gas utilities will be required to provide any updates to the data filed for 2019. If there are no changes to the data submitted in the 2019 report, the small gas utility shall file a letter saying there are no changes.²

On October 7, 2019, the Commission issued an Order, in these dockets, in which it agreed with and adopted the recommendations of the Department of Commerce to approve the compliance filings.

On March 10, 2021, the Commission issued an Order, in these dockets, approving the 2020 Compliance Filings, following the February 25, 2021 agenda meeting.

III. Compliance Filings

Staff reviewed the Companies' 2021 compliance filings to determine if they were consistent with the requirements contained in the Commission's Orders. Staff organized these comments by docket number using a standardized checklist.

² G-6956/M-15-186, G-6960/M-16-214, G-6977/M-17-186, G-6977/M-17-829, G-6915/M-13-672 & G-6915/M-16-756 Commission Order Determining Compliance with Commission Orders and Establishing Filing Requirements, November 9, 2018, p. 4.

m Staff Briefing Papers for Docket Nos. G-6956/M-15-186 (Community Co-ops), G-6960/M-16-214 (UNG), G-6977/M-17-186 (LRES), G-6977/M-17-829 (LRES), G-6915/M-13-672 (Dooley's I) & G-6915/M-16-756 (Dooley's II) for August 26, 2021 Agenda Meeting (Item *xx)

A. Community Co-ops of Lake Park (G-6956/M-15-856)

Community Co-ops supplies natural gas service to Mahnomen, Twin Valley, Fertile, Beltrami, Red Lake Falls, Gary, and Fisher and incidental customers.

Table 1 summarizes Community Co-ops' 2021 compliance filing and ensuing communications:

Table 1: Community Co-ops 2021 Compliance Filing Checklist³

Requirement	Information Included	Notes/Comments
<i>Customer count</i>	Yes	Customer count is 1,029 as of April 26, 2021.
<i>Non-discrimination statement or explanation</i>	Yes	No discrimination between in-municipality and out-municipality customers with rates the same for both.
<i>List of municipality-approved rate changes</i>	Yes	No rate changes in 2020.
<i>Copy of Cold Weather Rule disconnection notice</i>	Yes	No change to Cold Weather Rule disconnection notice.
<i>Date and delivery method of Cold Weather Rule disconnection notice</i>	Yes	Notice was mailed to all customers on August 25, 2020.
<i>Copies of any utility disconnection reports served to any of the municipalities required by statute</i>	Yes	No municipalities requested notice of disconnection.
<i>Copy of customer past due/arrearage forms</i>	Yes	No change to past due notice.
<i>Copy of any policy not included in tariffs related to budget billing plans, payment arrangements, and under-charge repayments</i>	Yes	No changes to tariff.

Staff concludes that Community Co-ops of Lake Park have complied with the Commission's Order requirement for Docket No. G-6956/M-15-856.

³ G-6956/M-15-856 Community Co-ops of Lake Park compliance filing, April 26, 2021, p. 1.

m Staff Briefing Papers for Docket Nos. G-6956/M-15-186 (Community Co-ops), G-6960/M-16-214 (UNG), G-6977/M-17-186 (LRES), G-6977/M-17-829 (LRES), G-6915/M-13-672 (Dooley's I) & G-6915/M-16-756 (Dooley's II) for August 26, 2021 Agenda Meeting (Item *xx)

B. United Natural Gas (G-6960/M-16-214)

UNG supplies natural gas service to Windom, Courtland, and Lafayette and incidental customers.

Table 2 summarizes United Natural Gas' 2021 compliance filing:

Table 2: UNG 2021 Compliance Filing Checklist⁴

Requirement	Information Included	Notes/Comments
<i>Customer count</i>	Yes	Customer count is 516 as of April 21, 2021.
<i>Non-discrimination statement or explanation</i>	Yes	All customers treated equally, and rates apply to customers within and outside a municipality.
<i>List of municipality-approved rate changes</i>	Yes	No rate changes in 2020.
<i>Copy of Cold Weather Rule disconnection notice</i>	Yes	No change to Cold Weather Rule disconnection notice.
<i>Date and delivery method of Cold Weather Rule disconnection notice</i>	Yes	Notice was mailed to all customers with September 1, 2020 billing statement.
<i>Copies of any utility disconnection reports served to any of the municipalities required by statute</i>	Yes	No customers were disconnected in 2020.
<i>Copy of customer past due/arrearage forms</i>	Yes	No change to past due notice. Past Due Letter and Secure Pay Plan mailed to customers in arrears.
<i>Copy of any policy not included in tariffs related to budget billing plans, payment arrangements, and under-charge repayments</i>	Yes	No tariff book changes in 2020.

Staff concludes that United Natural Gas has complied with the Commission's Order requirement for Docket No. G-6960/M-16-214.

⁴ G-6960/M-16-214 United Natural Gas compliance filing, April 21, 2021, pp. 2-5.

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C. Lake Region Energy Services (G-6977/M-17-186 & G-6977/M-17-829)

LRES supplies natural gas service to Parkers Prairie, Deer Creek, Dent, Little McDonald Lake, Miliona, and Lake Miliona and incidental customers.

Table 3 summarizes Lake Region Energy Services' 2021 compliance filing:⁵

Table 3: LRES 2021 Compliance Filing Checklist⁶

Requirement	Information Included	Notes/Comments
Customer count	Yes	Customer count is 781 as of April 12, 2021. ⁷
Non-discrimination statement or explanation	Yes	No discrimination between customers within and outside municipalities. Rates differ between classes but are uniform within each class.
List of municipality-approved rate changes	Yes	Municipalities approved a modification to the small volume transport rate and other rate book changes. ⁸ Revised rate book implemented 30 days from filing.
Copy of Cold Weather Rule disconnection notice	Yes	No change to Cold Weather Rule disconnection notice. ⁹
Date and delivery method of Cold Weather Rule disconnection notice	Yes	Notice was mailed to all customers with September 1, 2020 billing statement.
Copies of any utility disconnection reports served to any of the municipalities required by statute	Yes	No municipalities requested notice of disconnection.
Copy of customer past due/arrearage forms	Yes	No change to past due notice.
Copy of any policy not included in tariffs related to budget billing plans, payment arrangements, and under-charge repayments	Yes	No changes to tariffs.

⁵ LRES submitted one compliance filing for both dockets.

⁶ G-6977/M-17-186 and G-6977/M-17-829 Lake Region Energy Services compliance filing, May 1, 2021, pp. 1-3.

⁷ LRES submitted the customer count divided by rate class.

⁸ Each municipality has given its respective mayor the authority to review and approve rate book and rate modifications on behalf of each City. The appropriate City resolutions are attached to the compliance filing as Attachment B-1. The certification of approval by each mayor is attached as Attachment B-2. The receipt and acknowledgement of the revised rate book is attached as Attachment B-3. The redlines showing modifications to the rate book is attached as Attachment C. The revised rate book is attached as Attachment D.

⁹ A correct copy of the latest LRES newsletter with the notice of the cold-weather disconnection rule is attached as Attachment A.

m Staff Briefing Papers for Docket Nos. G-6956/M-15-186 (Community Co-ops), G-6960/M-16-214 (UNG), G-6977/M-17-186 (LRES), G-6977/M-17-829 (LRES), G-6915/M-13-672 (Dooley's I) & G-6915/M-16-756 (Dooley's II) for August 26, 2021 Agenda Meeting (Item *xx)

Staff concludes that Lake Region Energy Services has complied with the Commission's Order requirement for Docket Nos. G-6977/M-17-186 and G-6877/M-17-829.

D. Dooley's Natural Gas I, LLC (G-6915/M-13-672)

Dooley's Natural Gas I, LLC supplies natural gas service to the Cities of Clara City, Maynard, Raymond, Prinsburg and Blomkest, and incidental customers.

Table 4 summarizes Dooley's Natural Gas I, LLC 2021 compliance filing:

Table 4: Dooley's Natural Gas I, LLC Compliance Filing Checklist¹⁰

<i>Requirement</i>	<i>Information Included</i>	<i>Notes/Comments</i>
<i>Customer count</i>	Yes	Customer count is 1,392 as of December 31, 2020. ¹¹
<i>Non-discrimination statement or explanation</i>	Yes	No discrimination in rate design or customer service/policy between customers within and outside municipalities.
<i>List of municipality-approved rate changes</i>	Yes	No rate changes in 2020.
<i>Copy of Cold Weather Rule disconnection notice</i>	Yes	No change to Cold Weather Rule disconnection notice.
<i>Date and delivery method of Cold Weather Rule disconnection notice</i>	Yes	Notice was mailed or emailed on September 10, 2020 with September 2020 customer bill.
<i>Copies of any utility disconnection reports served to any of the municipalities required by statute</i>	Yes	No municipalities requested notice of disconnection.
<i>Copy of customer past due/arrearage forms</i>	Yes	No changes to past due notice.
<i>Copy of any policy not included in tariffs related to budget billing plans, payment arrangements, and under-charge repayments</i>	Yes	No changes to tariffs.

Staff concludes that Dooley's Natural Gas I, LLC has complied with the Commission's Order requirement for Docket No. G-6915/M-13-672.

¹⁰ G-6915/M-13-672 Dooley's I compliance filings, February 26, 2021, pp. 1-2.

¹¹ Dooley's I submitted the customer count (as meter count) divided by rate class.

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E. Dooley's Natural Gas II, LLC (G-6915/M-16-756)

Dooley's Natural Gas II, LLC supplies natural gas service the Cities of Belgrade and Brooten and incidental customers.

Table 5 summarizes Dooley's Natural Gas II, LLC 2021 compliance filing:

Table 5: Dooley's II Compliance Filing Checklist¹²

Requirement	Information Included	Notes/Comments
Customer count	Yes	Customer count is 517 as of December 31, 2020. ¹³
Non-discrimination statement or explanation	Yes	No discrimination in rate design or customer service/policy between customers within and outside municipalities.
List of municipality-approved rate changes	Yes	No rate changes in 2020.
Copy of Cold Weather Rule disconnection notice	Yes	No change to Cold Weather Rule disconnection notice.
Date and delivery method of Cold Weather Rule disconnection notice	Yes	Notice was mailed or emailed on September 10, 2020 with September 2020 customer bill.
Copies of any utility disconnection reports served to any of the municipalities required by statute	Yes	No municipalities requested notice of disconnection.
Copy of customer past due/arrearage forms	Yes	No changes to past due notice.
Copy of any policy not included in tariffs related to budget billing plans, payment arrangements, and under-charge repayments	Yes	No changes to tariffs.

Staff concludes that Dooley's Natural Gas II, LLC has complied with the Commission's Order requirement for Docket No. G-6915/M-16-756.

IV. Parties' Comments

The Minnesota Department of Commerce, Division of Energy Regulation ("Department") commented in the docket on June 29, 2021. They analyzed the compliance filings in the six

¹² G-6915/M-16-756 Dooley's II compliance filings, February 26, 2021, pp. 1-2.

¹³ Dooley's I submitted the customer count (as meter count) divided by rate class.

m Staff Briefing Papers for Docket Nos. G-6956/M-15-186 (Community Co-ops), G-6960/M-16-214 (UNG), G-6977/M-17-186 (LRES), G-6977/M-17-829 (LRES), G-6915/M-13-672 (Dooley's I) & G-6915/M-16-756 (Dooley's II) for August 26, 2021 Agenda Meeting (Item *xx)

dockets and included an attachment with customer counts for all of the small gas exempt utilities. The Department recommends that that Commission approve the small exempt gas utilities' 2021 compliance filings.¹⁴

V. Staff Analysis

The total number of customers served by these companies in 2020 was 4,235. The total number of customers in 2019 was 3,902, which is an 8.53% increase.

In 2020, no customers of the exempt small gas utilities made complaints with the Commission's Consumer Affairs Office.

Staff concludes that Community Co-ops, United Natural Gas, Lake Region Energy Services, Dooley's I, and Dooley's II have complied with the Commission's 2018 Order establishing filing requirements and recommends that the 2021 compliance filings be accepted.

VI. Decision Options

1. Approve the compliance filings from Community Co-ops of Lake Park, United Natural Gas, Lake Region Energy Services, Dooley's Natural Gas I, LLC, and Dooley's Natural Gas II, LLC. *[Department]*
2. Do not approve the compliance filings from Community Co-ops of Lake Park, United Natural Gas, Lake Region Energy Services, Dooley's Natural Gas I, LLC, and Dooley's Natural Gas II, LLC.

Staff recommends Decision Option 1.

¹⁴ The Department also recommended that the Commission include Docket No. G-6977/M-17-829, which was not included in the most recent Notice for Comment period. 17-829 has been included in the briefing papers.