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March 6, 2018

VIA ELECTRONIC FILING

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

**Re: 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**

Dear. Mr. Wolf:

On January 29, 2018, the Minnesota Public Utilities Commission ("Commission") issued its Order Approving Tariff Changes and Opening Investigation in the above-referenced docket to gain more information regarding excess flow valves ("EFVs") and to determine the appropriate charge and tariff language for Minnesota gas utilities. On February 6, 2018, the Commission issued its Notice of Comment Period ("Notice"), requiring all Minnesota natural gas utilities to provide initial filings by March 6, 2018, addressing the following topics:

- (1) Each natural gas utility's present tariffs and customer-notification practices as they relate to the installation of EFV's for new, refurbished, and existing customer lines;
- (2) Any similar gas-safety requirements that customers may request on the utility system between the main and the meter outlet into the customer's property;
- (3) 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; and
- (4) Payment options for requesting customer along with how to appropriately address requests for EFV installations from low-income customers.

Minnesota Energy Resources Corporation ("MERC" or the "Company") submits this Initial Filing pursuant to the Commission's February 6, 2018, Notice.

BACKGROUND

In 2006, Congress passed the Pipeline Inspection, Protection, Enforcement, and Safety Act ("2006 Act") mandating the Department of Transportation to promulgate standards requiring the installation of EFVs on all newly-installed or replaced service lines serving single-family homes.

Subsequently, in 2009, the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) amended pipeline safety regulations; in particular, 49 C.F.R. § 192.383 was amended to include the EFV mandate from the 2006 Act. Three years later, the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (“2011 Act”) was signed into law, mandating that PHMSA require the installation of EFVs on new and replaced lines beyond single-family homes if economically, technically, and operationally feasible. PHMSA again amended 49 C.F.R. § 192.383 in October 2016, to require natural gas utilities to install an EFV on existing service lines if a customer requests and notify customers of their right to request an EFV.

On August 18, 2017, Great Plains Natural Gas Co. (“Great Plains”) filed a petition with the Commission for approval of revisions to its natural gas tariffs to comply with federal pipeline safety regulations requiring installation of safety equipment in certain circumstances.¹ The Commission approved Great Plains’ petition and also opened a separate docket, concluding that the Commission needs more information about each natural gas utility’s tariffs and customer notification practices relating to installation of EFVs for new, refurbished, and existing customer lines.² MERC provides the information below to assist with the Commission’s information gathering related to EFVs.

EFV TOPICS FOR COMMENT

I. Present Tariffs and Customer Notification Practices for EFVs

The first topic for comment included in the Commission’s Notice addresses “[e]ach natural gas utility’s present tariffs and customer-notification practices as they relate to the installation of EFV’s for new, refurbished, and existing customer lines.” Currently, MERC does not have a tariff specific to EFVs. MERC installs EFVs on all residential service lines with known customer loads not exceeding 1,000 standard cubic feet per hour (“SCFH”) per service and small commercial lines with known customer loads not exceeding 1,000 SCFH³ as part of our routine installation procedure. This has been MERC’s installation practice since the Company began installing EFVs in 2004.

MERC has information specific to the installation of EFVs on our website as required by the new federal regulations. The website message is provided below, and we also provide a similar message in our natural gas safety bill insert sent to customers twice a year:

An excess flow valve (EFV) is a safety device designed to automatically stop the flow of natural gas through the service line if it exceeds a predetermined rate. When activated, an EFV may

¹ *In the Matter of the Petition of Great Plains Nat. Gas Co. for Approval of Proposed Revisions to its Nat. Gas Tariff to Comply with Fed. Pipeline Safety Regulations 39 C.F.R. § 192.383*, Docket No. G004/M-17-625, PETITION (Aug. 18, 2017).

² *In the Matter of the Petition of Great Plains Nat. Gas Co. for Approval of Proposed Revisions to its Nat. Gas Tariff to Comply with Fed. Pipeline Safety Regulations 39 C.F.R. § 192.383*, Docket No. G004/M-17-625, ORDER APPROVING TARIFF CHANGES AND OPENING INVESTIGATION at 4 (Jan. 29, 2018).

³ See 49 C.F.R. § 192.383(b).

prevent the buildup of natural gas and lessen the potential for property damage and/or injury. It should be noted that these devices generally do not protect against slow leaks, such as those caused by corrosion or loose fittings, or leaks located along customer-owned piping beyond the natural gas meter.

Many customers already have an EFV installed on their existing natural gas service line. Customers who do not have an EFV may be eligible to have one installed at their own expense. Cost typically ranges from \$750 to \$2,000 depending on the location and conditions of the installation site. Customers can request more information about EFV installations by calling our 24-hour customer service at 800-889-9508.

Though the option to have an EFV installed is available to our customers, to MERC's knowledge we have not yet had a customer request an EFV installation.

II. Similar Gas Safety Requirements

The second topic for comment included in the Commission's Notice addresses "[a]ny similar gas-safety requirements that customers may request on the utility system between the main and the meter outlet into the customer's property." Other similar safety instruments that a customer could request to be installed include manual valves for shut-off typically associated with larger load, but like EFVs, to MERC's knowledge no customer has yet requested installation of the manual valve. In the normal course of installing and maintaining our system, MERC uses the highest degree of safety and in general we do not rely on customers to identify necessary safety equipment. Though customers can request the installation of additional safety equipment, such requests are infrequent at best and we do not have record of receiving any request for the installation of additional safety valves or equipment in recent years.

III. Installation Costs

The third topic for comment addresses "[t]he 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." MERC installs EFVs on every new residential service as a matter of general practice. We have not isolated the costs specific to the installation of the EFV for each new service. As part of our customer notice, we have estimated that if a customer were to request an EFV installation on an existing service line it would cost approximately \$750 to \$2,000, based on the location and condition of the line. The installation costs would be billed to the customer and would include the following services as part of the installation: construction permits (as necessary); notification to Gopher State One Call; scheduling; excavation (usually in road right-of-way); and surface restoration. Again, MERC has installed EFVs as a matter of course since approximately 2004, and we have not installed an EFV upon customer request.

IV. Payment Options

The fourth and final topic the Commission requests be addressed relates to “[p]ayment options for requesting customers along with how to appropriately address requests for EFV installations from low-income customers.” As discussed, MERC has not yet received a customer request for installation of an EFV. To the extent MERC does install an EFV upon customer request, that installation would be billed to the customer pursuant to MERC’s Tariff Sheet No. 8.39 and all of our payment options (e.g., Even Payment Plan under Tariff Sheet No. 8.20) would be available to the customer.

MERC thanks the Commission for the opportunity to provide this information related to the implementation of the federal safety requirements. Please contact me at (651) 322-8965 if you have any questions regarding the information in this filing or require any additional information.

Sincerely,

/s/ Amber S. Lee

Amber S. Lee
Regulatory and Legislative Affairs Manager
Minnesota Energy Resources Corporation

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into Natural Gas Utilities' Practices, Tariffs
and Assignment of Cost Responsibility for
Installation of Excess Flow Valves and
Other Similar Gas Safety Equipment

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CERTIFICATE OF SERVICE

I, Lauren E. Pockl, hereby certify that on the 6th of March, 2018, on behalf of Minnesota Energy Resources Corporation, I electronically filed a true and correct copy of the enclosed Initial Filing on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 6th of March, 2018.

/s/ Lauren E. Pockl
Lauren E. Pockl

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_18-41_Official
Ryan	Barlow	Ryan.Barlow@ag.state.mn.us	Office of the Attorney General-RUD	445 Minnesota Street Bremer Tower, Suite 1400 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_18-41_Official
David	Blomseth	davidb@communitycoops.com	Community Co-ops of Lake Park	PO Box 329 14583 Hwy 10 W Lake Park, MN 56554	Electronic Service	No	OFF_SL_18-41_Official
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_18-41_Official
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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_18-41_Official