

August 22, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G011/M-14-365

Attached are the *Response Comments* of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

2013 Annual Service Quality Report (Report) submitted by Minnesota Energy Resources Corporation (MERC or Company).

The *2013 Annual Service Quality Report* was filed on May 1, 2014 by MERC. On July 2nd, 2014, the Department submitted its *Comments* in this docket. In those *Comments*, the Department recommended that the Minnesota Public Utilities Commission (Commission) **accept** the Company's *Report* pending MERC's response to various inquiries and the provision of additional information in *Reply Comments*.

MERC submitted its *Reply Comments* on July 22, 2014, *Updated Attachments* on July 24, 2014 and *Supplemental Reply Comments* on August 6, 2014. In its *Reply Comments*, *Updated Attachments*, and *Supplemental Reply Comments*, the Company provided additional information and its response to various inquiries the Department identified in its *Comments*. The Department appreciates the corrected and updated information and provides its additional analyses herein.

Based on its review of MERC's *2013 Annual Service Quality Report*, and the Information provided by the Company in its *Reply Comments*, the Department recommends the Commission **accept** the Company's *Report*.

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

Sincerely,

/s/ SACHIN SHAH
Rates Analyst
651-539-1834

SS/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. G011/M-14-365

I. BACKGROUND

On May 1, 2014, Minnesota Energy Resources Corporation (MERC or the Company) submitted its 2013 Annual Safety, Reliability and Service Quality Report (*Report*) in compliance with the Minnesota Public Utilities Commission's (Commission) August 26, 2010 Order in Docket No. G999/CI-09-409 (09-409 *Order*) and in its March 6, 2012 Order in Docket No. G007,011/M-10-374 (10-374 *Order*). On July 2, 2014, the Minnesota Department of Commerce (Department) filed *Comments* on the Company's *Report* requesting that MERC provide the following in its *Reply Comments*:

- an updated Attachment 1 reflecting 2013 data;
- a full reconciliation and explanation of why the complaints reported for 2012 and 2013, in the 13-355 and current docket in Attachment 5, are different from the complaints submitted by MERC on May 1st pursuant to Minnesota Rule 7820.0500;
- a clarification regarding the number of complaints received in July 2013;
- an updated Attachment 6 reflecting 2013 data;
- a clarification regarding whether the Minnesota Office of Pipeline Safety (MnOPS) reportable event in 2013 caused by a system issue resulted in gas line damage; and
- an explanation detailing why monthly operations and maintenance (O&M) expenses in March 2013 were noticeably different than the monthly average.

MERC submitted its *Reply Comments* on July 22, 2014, *Updated Attachments* on July 24, 2014 and *Supplemental Reply Comments* on August 6, 2014. In its *Reply Comments*, *Updated Attachments*, and *Supplemental Reply Comments*, the Company provided additional information and its response to the inquiries noted above.

The Department provides its analysis below.

II. THE DEPARTMENT'S ANALYSIS

A. CALL CENTER RESPONSE TIME

Regarding the Call Center Response Time, in its *Comments*, the Department had stated the following:

In its Report, MERC provided the required information on a monthly basis for 2013. The 2013 Report is the second report in which MERC included calls received by the Company's Interactive Voice Response (IVR) system. However, the information filed by MERC is the same as that filed in its 2012 *Annual Service Quality Report* (2012 Report). The Department recommends that MERC provide an updated Attachment 1 in its *Reply Comments*. The Department will provide its analysis in response to the Company's *Reply Comments*.

In its *Reply Comments*, MERC provided an updated Attachment 1 reflecting 2013 data. For 2013, the Company reported that it answered 80 percent, or more, of calls within 20 seconds or less. The average over 12 months was 81.39 percent, while the monthly percentages ranged from a low of 80.05 percent in February to a high of 82.85 percent in July.

Per the 10-374 *Order*, MERC reported that its average speed of answer was 19.00 seconds. The previous years are listed below in Table 1.

Table 1: Average Speed of Answer

	<i>(In Seconds)</i>
2010	17.42
2011	18.25
2012	19.42
2013	19.00

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 *Orders*.

B. CUSTOMER COMPLAINTS

Regarding Customer Complaints, in its *Comments*, the Department had stated the following:

MERC reported a total of 1,753 complaints received in 2013. This represents a decrease in total complaints of 151, or approximately 8 percent, from 2012, a decrease in total complaints of 1,504, or approximately 46 percent from 2011, and a decrease of 787, or approximately 31 percent, from 2010, the first year the reporting requirement was implemented. The Department notes that MERC's data indicates that there were 215 complaints received in the month of July, however, the same data presented in terms of speed of resolution adds up to only 116 complaints. The Department requests that MERC reconcile, in its *Reply Comments*, this data discrepancy.

To facilitate long-term tracking and cross checking of customer complaint data, the utilities participating in the workgroup agreed to begin providing a copy of the May 1 customer complaint report required by Minnesota Rule 7820.0500 in their annual service quality report beginning with the 2013 report. A copy of the May 1, 2013 report was not included in MERC's Report, nor was there a reference to where the information could be found. The Department located MERC's Minnesota Rule 7820.0500 report in Docket No. E,G999/PR-14-13 (14-13 Docket). As noted above, the Company's Attachment 5 shows total complaints of 1,753 which is not consistent with the total complaint figure reported by the Company in the 14-13 Docket, which shows a total number of 1,868 complaints. The Department notes that there was a similar discrepancy between the two reports for 2012.

The Department requests that the Company provide, in its *Reply Comments*, a full reconciliation and explanation of why the complaints reported for 2012 and 2013, in the 13-355 and current docket in Attachment 5, are different from the complaints submitted by MERC on May 1st pursuant to Minnesota Rule 7820.0500.

In its *Reply Comments*, MERC stated the following:

The complaint total for the 2013 filing submitted by MERC pursuant to Minnesota Rule 7820.0500 inadvertently double-counted the number of complaints received by MERC's commercial and industrial customers. The complaint total for the 2012 Rule 7820.0500 report omitted consumer complaints made directly to the Commission, the Office of the Attorney General, or the Better Business Bureau. MERC has reviewed the internal process used to compile and file these reports and has implemented steps to ensure the consistency and accuracy of the information provided in future filings. Additionally, MERC will update and re-file the 2012 and 2013 Rule 7820.0500 reports to reflect the correct complaint totals.

In its *Supplemental Reply Comments*, MERC in its Attachment A, provided the corrected 2012 and 2013 reports required by Minnesota Rule 7820.0500 and indicated that these reports were also filed in Docket No. E,G999/PR-14-13.

In its *Supplemental Reply Comments*, the Company also stated the following:

In July 2013, 215 complaints were received and all of those have since been resolved. MERC has confirmed that the 99 complaints that appeared as unresolved in MERC's initial filing were in fact resolved, but the resolution time was not shown on the report due to a data error with the report. And [sic] updated version of Attachment 5 (Complaints) is attached to these Supplemental Reply Comments as Attachment 5-b.

The Department appreciates the corrected information provided by MERC and acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 *Orders*.

C. GAS EMERGENCY LINE ANSWER TIMES

Regarding the Gas Emergency Line Answer Times, in its Comments, the Department had stated the following:

According to the information provided by MERC, there were a total of 17,341 emergency phone calls during 2013, averaging approximately 1,445 per month which is the same as that reported in 2012. The Department recommends that the Company provide, in its *Reply Comments*, an updated Attachment 6 reflecting 2013 data. The Department will provide its analysis in response to the Company's *Reply Comments*.

In its *Reply Comments*, MERC stated the following:

In its initial filing, MERC provided data related to the total number of emergency calls, the average telephone answer time, and the percentage of calls that were answered within 15 seconds. The information was from 2012 and should have been updated for the 2013 filing. All other information pertaining to the response time for these calls was correct as initially filed. An updated Attachment 6: Answer Time for Gas Emergency Phone Lines, for 2013, is attached as Attachment 6-b to these Reply Comments. We have updated the total number of emergency calls (19,011, which reflects an increase from the 17,341 emergency calls received in 2012) and the average speed of answer (6.8 seconds) for 2013. We are working to compile the percentage of emergency phone calls answered within 15 seconds and will file it as soon as possible.

In its *Reply Comments and Updated Attachments*, MERC provided an updated Attachment 6 reflecting 2013 data. For 2013, the Company reported a total of 19,011 emergency phone calls, averaging approximately 1,584 per month. This represents an increase in emergency calls, on average of 139 per month more compared to 2012. The average telephone answer time for the year was 6.8 seconds. In addition, the Company's data indicates that for all months it was able to answer over 91 percent of its emergency phone calls in 15 seconds or less.

The Department appreciates the corrected information provided by MERC and acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 *Orders*.

D. DAMAGED GAS LINES

Regarding Damaged Gas Lines and MNOPS Reportable Events, in its *Comments* the Department stated the following:

The Company reported that there were no damage events that were attributable to system issues (e.g., random equipment failure) in 2013. The Department notes, however, that MERC reported that there was one Minnesota Office of Pipeline Safety (MnOPS) reportable event in 2013 caused by a system issue (see discussion in section K below). The Department requests that MERC clarify in *Reply Comments* whether this MnOPS reportable event resulted in gas line damage.

.... In an attachment to its Report, the Company lists 11 MnOPS reportable events during 2013. Of the 11, 1 was caused by MERC employees or contractors, 1 was caused by a system issue,¹ and 9 were caused by other parties.

¹ This June event did cause customer service interruptions. See section I above for the Department's request for further clarification regarding this event.

In its *Reply Comments*, MERC states the following:

Attachment 10 to MERC's 2013 Gas Service Quality Report indicated that the MnOPS reportable event on June 19, 2013, at 311 SW 16th Avenue in Rochester, MN was caused by a system issue. This event was actually caused by a third party ("outage caused by other"). A plumbing contractor attempted to turn the water off at the curb box but inadvertently pinched off MERC's half inch inserted gas line instead. The plumbing contractor did not realize this happened and the gas leaked and followed the line into the house. All other information provided for this incident is correct. And [*sic*] updated version of Attachment 10 is attached to these Reply Comments as Attachment 10-b.

The Department appreciates the clarification provided by MERC and acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 Orders.

E. CUSTOMER SERVICE RELATED OPERATIONS AND MAINTENANCE EXPENSES

Regarding the customer service related operations and maintenance expense, in its *Comments*, the Department stated the following:

In 2013, MERC reported total service quality related O&M expenses of \$6,508,066, which, on an average basis, translates into approximately \$542,339 of O&M expenses per month. The Company's reported O&M expenses represent a \$98,738, or 1.5 percent, increase over 2012 expenses. This is a much smaller increase than the \$397,545, 6.67 percent increase reported from 2010 to 2011. 2013 is only the third year that these data have been provided; therefore, it is unclear whether the increases are a part of a trend. The Department will continue to monitor this metric in future service quality reports.

Generally speaking, monthly O&M expenses in 2013 were relatively close to the monthly average with the exception of March, where the Company reports expenses of \$686,615. The amount in this month is noticeably different than in other months in 2013; therefore, the Department recommends that the Company explain, in its Reply Comments, reasons associated with these costs being noticeably different than the monthly average.

In its *Reply Comments*, MERC states the following:

Entries for MERC's third-party billing and call center vendor, Vertex, were made in March 2013 to fix an under-billing error that had occurred in January and February, causing the monthly O&M expense in March to be higher. The average of the expenses in January, February, and March are similar to the other months.

The Department appreciates the clarification provided by MERC and acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

III. SUMMARY AND CONCLUSIONS

Based on its review of MERC's 2013 *Annual Service Quality Report*, the Company's *Reply Comments*, *Updated Attachments*, and *Supplemental Reply Comments*, the Department appreciates the clarification and corrections provided by the Company and recommends that the Commission accept the Company's *Report*.

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