

November 28, 2016

Via Electronic Filing

Mr. Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: *In the Matter of the Petition of Dooley's Natural Gas II, LLC for Exemption for Small Gas Utility Franchise, Docket No. G6915/M-16-756*

Reply Comments of Dooley's Natural Gas II, LLC

Dear Mr. Wolf:

Pursuant to the Minnesota Public Utilities Commission's ("Commission") November 15, 2016 Second Notice of Extended Comment Period, Dooley's Natural Gas II, LLC ("DNG II") respectfully submits these brief Reply Comments to the Department of Commerce's ("Department") November 15 Comments in the above-referenced docket.

Initially, DNG II appreciates the Department's thorough analysis of its Petition and agrees with the Department's ultimate recommendation that the Commission approve its Petition. As DNG II noted in its Petition, DNG II was formed to establish a distribution system to provide service to un-served customers within the Cities of Brooten and Belgrade and the surrounding rural areas. As part of such efforts, DNG II worked closely with the Cities and local agricultural interests to develop the system with the understanding that it would be regulated by the municipalities under Minnesota's statutory exemption for small gas utility franchises. DNG II believes that acceptance of its Petition advances the State's interests in expanding economic opportunities for rural communities through the provision of natural gas service.

In its Comments, the Department notes that DNG II's sister company, Dooley's Natural Gas, LLC ("DNG"), has failed to meet certain reporting obligations and asked that DNG and DNG II provide assurance that they will comply with the following reporting requirements in the future:

- Annual Cold Weather Rule reports will be filed as required under Minn. Stat. § 216B.096, subd. 11;
- Annual tariff updates with municipally approved rates will be submitted to the Commission (Minn. Stat. § 216B.16, subd. 12(c));

- Any subsequent changes in rates, tariffs and contracts for service outside the Municipalities will be filed at least 30 days in advance of implementation (Minn. Stat. § 216B.16 subd. 12(b)); and
- DNG and DNG II will provide annual Minnesota Natural Gas Utility Information Reporting to the Department (Required by Minn. Rules 7610.0800 – 7610.0860 to monitor reliability and costs of energy service in Minnesota) on July 1 of each year.

DNG and DNG II both commit to adhering to these reporting requirements in the future and DNG regrets these reporting oversights. Contemporaneous with the filing of these Reply Comments, DNG is submitting an informational filing with the Commission regarding a recent rate change approved by the Clara City Rate Board that applies to service within the applicable cities and surrounding areas in Docket No. G6915/M-13-672. DNG and DNG II also recognize their obligation to notify the Commission should DNG and DNG II's collective customer base expand beyond the 5,000-customer threshold.

Finally, with respect to DNG II's Rate Book, DNG II agrees with the Department's request that the Company correct the current references to Section 28 in this portion of the tariff to Section 25 so that the language is consistent with the number included in the Section's heading. DNG II also agrees to remove from the Rate Book references to Riders that do not exist. DNG II proposes to submit the revised Rate Book with these (and any other directed changes) as a compliance filing within fifteen (15) days of a Commission order approving DNG II's Petition.

DNG II appreciates the Department and Commission's review of its Petition and respectfully requests that the Commission (1) confirm its exemption as small gas utility franchise from the requirements of Minn. Stat. § 216B.16 for service provided within the borders of Belgrade and Brooten, Minnesota; and (2) to the extent necessary, grant it an exemption for incidental natural gas distribution service DNG II provides outside of the borders of Belgrade and Brooten.

Dated: November 28, 2016

Respectfully submitted,

Randy Dooley, President
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/s/ **Brian M. Meloy**
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**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Petition of Dooley's Natural Gas LLC for Exemption for Small Gas Utility Franchise)))))))	MPUC Docket No. G6915/M-16-756 CERTIFICATE OF SERVICE
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The undersigned hereby certifies that true and correct copies of the **Reply Comments of Dooley's Natural Gas, LLC** were served on this day by e-filing/e-serving to the following:

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Dated this 28th day of November, 2016

/s/ Susan A. Hartinger
Susan A. Hartinger