

October 20, 2017

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket Nos. G011/M-16-371 and G011/M-17-343

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

2015 and 2016 *Annual Service Quality Reports* (Reports) submitted by Minnesota Energy Resources Corporation (MERC or Company).

The 2015 and 2016 *Annual Service Quality Reports* were filed on April 29, 2016 and May 1, 2017, respectively by:

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Regulatory and Legislative Affairs Manager
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Based on its review of MERC's 2015 and 2016 *Annual Service Quality Reports*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **accept** the Company's Reports pending MERC's response to various inquiries in *Reply Comments*. The Department's recommendations are listed at the conclusion of its *Comments*.

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

Sincerely,

/s/ LERMA LA PLANTE
Public Utilities Financial Analyst

LL/lt
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket Nos. G011/M-16-371 and G011/M-17-343

I. BACKGROUND

The genesis of Minnesota Energy Resources Corporation's (MERC or Company) *Annual Service Quality Report* comes from the Minnesota Public Utilities Commission's (Commission) March 1, 2004 *Order* in Docket No. G007,011/CI-02-1369 (02-1369 Docket).

In this *Order*, the Commission required Aquila, Inc. (MERC's predecessor) to file quarterly service quality updates in that docket and requested that the Minnesota Department of Commerce (Department), file its comments reviewing the Company's service quality reports by February 28th of each year. Aquila/MERC filed quarterly service quality reports in the 02-1369 Docket, and subsequent dockets,¹ through calendar year 2009.

On April 16, 2009, the Commission opened an investigation into natural gas service quality standards in Docket No. G999/CI-09-409 (Docket 09-409). In its August 26, 2010 *Order* (09-409 *Order*) in Docket 09-409, the Commission established uniform reporting requirements that Minnesota regulated natural gas utilities are to follow and a list of information that should be provided by each utility in a miscellaneous tariff filing to be made each May 1st reflecting service quality performance during the prior calendar year. The Commission determined that MERC would file subsequent annual service quality reports in lieu of the former quarterly service quality reports.

The Commission supplemented the reporting requirements set out in its 09-409 *Order* with additional requirements in its March 6, 2012 *Order—Accepting Reports and Setting Further Requirements* in Docket No. G007,011/10-374, *et. al.* This March 6, 2012 *Order* also directed the Minnesota natural gas utilities to convene a workgroup to improve reporting consistency and address other issues. The workgroup² met on June 22, 2012 and developed more uniform reporting.³ Reporting changes as a result of the workgroup consensus are noted in the analysis below.

¹ Docket Nos. G007,011M-07-1641 and G007,011/M-09-488.

² Participating in the workgroup were Xcel Energy, CenterPoint Energy, MERC, Great Plains, Interstate Power and Light, and the Department.

³ 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.

MERC has filed annual service quality reports in compliance with the 09-409 *Order* in Docket No. G007,011/M-10-374 (Docket 10-374), Docket No. G007,011/M-12-436 (12-436 Docket), Docket No. G007,011/M-13-355 (13-355 Docket), Docket No. G011/M-14-365 (14-365 Docket) and Docket No. G011/M-15-410.

On April 29, 2016, MERC filed its 2015 *Annual Service Quality Report* (2015 Report). On May 1, 2017, MERC filed its 2016 *Annual Service Quality Report* (2016 Report). The Department provides its analysis of the 2015 and 2016 Reports below.

II. DEPARTMENT ANALYSIS

Each year, the Department analyzes the information provided in the Report in the context of past reports. The Department provides further detail on each reporting metric by discussing each separately below.

A. CALL CENTER RESPONSE TIME

Minnesota Rules, part 7826.1200⁴ requires Minnesota's electric utilities to answer 80 percent of calls made to the business office during regular business hours within 20 seconds. Consistent with this requirement, the Commission required the regulated gas utilities to provide in their annual service quality reports the call center response time in terms of the percentage of calls answered within 20 seconds.

MERC reported the percentage of calls answered within 20 seconds in Attachment 1 of its Reports, as required by the 09-409 *Order*. As shown in Table 1 below, MERC on average was unable to answer 80 percent of calls within 20 seconds in 2015. The monthly percentages ranged from a low of 61.75 percent in October to a high of 82.84 percent in December. In 2016 MERC was able to answer 80 percent of calls within 20 seconds, on an annual average basis.

MERC also provided the monthly average speed of answer. As shown in Table 1 below the average speed went up to 33.17 seconds in 2016 despite a 31.58 percent decrease in the average number of calls compared to 2015.

⁴ Titled *Call Center Response Time*.

Table 1: Call Center Response Time

	12 Mo. Avg. Within 20 Seconds	Avg. Speed (Seconds)	12 Mo. Avg. Number of Calls
2010	81.14%	17.42	23,111
2011	80.02%	18.25	20,668
2012	81.56%	19.42	27,321
2013	81.39%	19.00	33,117
2014	74.88%	33.83	33,165
2015	78.36%	27.42	30,811
2016	80.50%	33.17	21,081

In comments on MERC's 2014 annual service quality report (Docket No. G011/M-15-410), the Department asked MERC to explain the increase in average speed of answer and to indicate steps MERC has taken or would take to improve the percentage of calls answered within 20 second. In response, MERC stated:

During the polar vortex of 2014, customers experienced higher than normal gas consumption, which lead to higher than normal bills. The higher bills resulted in more customers calling EMRC to make payment arrangements and as a result, wait times increased.

In order to improve the percentage of calls answered with [sic] 20 seconds, and prevent a repeat of the wait times experienced during the polar vortex, MERC implemented a contingency plan to have additional people take customer calls. This contingency plan resulted in approximately 15 additional people taking customer calls. The following specific actions were undertaken by MERC in order to improve the percentage of calls answered within 20 seconds:

- Waived the need for customer service representatives to get management approval to execute the option to extend customer payments out 5 months if needed;
- Arranged for the Contact Center to keep all escalated calls, calls that require the intervention of a leader or manager, eliminating the need for forwarding calls to another person (leader or manager);
- Reduced outbound calls for customers in arrears; and

- Continued to refer customers to MERC's gas affordability program ("GAP").

During 2015 year to date, MERC's call-center-performance levels are at historic highs. Through July 2015, 80.44% of customer calls were answered within 20 seconds.

The Department notes that, according to MERC's past annual reports, the Company's average telephone response time from January through July 2015 was not at an historic high (it appears that performance times were slightly better in that timeframe in 2010, 2012, and 2013); however, monthly call volumes were slightly above average therefore MERC's efforts appear to have been somewhat effective. Table 2 below shows the annual weighted average response time for non-emergency calls, based on MERC's annual service quality reports:

Table 2: Annual Weighted Average Response Time)

	Response Time (seconds) ⁵	Total Calls
2010	17	277,329
2011	18	248,020
2012	20	327,851
2013	19	397,404
2014	36	397,976
2015	28	369,736
2016	38	252,972

As can be seen in Table 2, it does not appear that call volume is an indicator of MERC's response time performance. The Department requests that in its *Reply Comments*, MERC respond to the apparent emerging trend in increasing average call response time.

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

⁵ Calculated by multiplying the monthly call volume by the monthly average answer time for each of the 12 months, adding the 12 results together and dividing that sum by the total annual call volume.

B. METER READING PERFORMANCE

In its 09-409 *Order*, the Commission required each utility to report meter reading performance data in the same manner as prescribed in Minnesota Rule 7826.1400. Specific to MERC, the Commission also required that the Company provide meter reading statistics related to farm tap customers. The Company provided, as an attachment to its Report, the meter reading performance data per Minnesota Rules both with and without farm tap data included. The Department notes that MERC has a large percentage of farm tap customers. These customers are required to self-read their meters, and to allow MERC to read the meters annually.

Table 3 below summarizes MERC's meter reading data. When excluding farm tap customers, MERC reported that an annual average of 97.77 percent of customer meters were read by utility personnel and 0.26 percent were read by the customer in 2015. An annual average of 95.99 percent of customer meters were read by utility personnel and 0.04 percent were read by the customer in 2016. Please note that MERC includes both estimated and customer-read meters in the customer-read category.

Table 3: Meter Reading Performance⁶

	Avg. # of Meters	% Company Read	% Customer Read	Avg. # not Read in 6-12 mo.	Avg. # not Read in Over 12 mo.	Staff Level
2010	212,790	97.85	2.15	6	3	30
2011	212,821	97.03	2.97	1	0	29
2012	212,859	98.03	1.94	1	0	29
2013	214,564	96.25	3.75	3	6	27
2014	218,220	96.33	3.67	4	0	21
2015	226,493	97.77	0.26	2	0	26
2016	233,948	95.99	0.04	1,019	37	25

⁶ The numbers represented herein are without the farm tap data.

Table 3a: Farm Tap Meter Reading Performance

	Total. # not Read in 6-12 mo.	Total. # not Read in Over 12 mo.
2010	3,297	499
2011	1,839	264
2012	2,097	270
2013	1,069	237
2014	1,439	91
2015	1,406	78
2016	12,419	530

There was a large increase in meters not read for 6-12 months at the end of 2016. The Department requests that in *Reply Comments*, MERC provide an explanation for the large increase in meters not read in 6-12 months and over 12 months.

In its 15-410 *Order*, the Commission required the following:

In its 2015 Annual Service Quality Report, MERC shall review the meter reading staffing data for all of the previous years (2010-2013) and indicate whether the historical data provided by MERC reflect the number of employees with the title “Meter Reader,” were based on payroll time charged to meter reading, or reflect a mixture of both methods.

MERC shall propose a consistent reporting metric to be used going forward, and restate, if necessary, the Company’s meter reading staffing data for the years 2010-2014 to ensure comparability.

In its 2015 Report, MERC stated the following:

The historical data reported in MERC’s 2010-2013 Gas Service Quality reports on meter reading staffing was based on a mixture of both number of employees with the title “Meter Reader” and payroll time charged to meter reading. Going forward, MERC proposes to report meter reading staffing data based on the payroll time charged to meter reading for MERC employees and also to report FTE-employee equivalent staffing for MERC contract meter readers.

MERC's Attachment 2-A to 2015 Report included meter reader staffing data for the period 2010-2015 based on payroll time charged to meter reading. Attachment 2-A listed MERC FTE for the period 2010-2015 based on payroll time charged and third-party contractors who conducted meter reading on behalf of MERC. MERC noted that the slight increase in contract meter readers in 2015 was due to MERC's acquisition of Interstate Power and Light Company's customers effective May 1, 2015.

The Department agrees that MERC's proposed meter reading staffing reporting metric is reasonable, and acknowledges that MERC has fulfilled the requirements of the 09-409 and 15-410 *Orders*.

C. INVOLUNTARY SERVICE DISCONNECTIONS

The Commission's 09-409 *Order* requires each Minnesota regulated gas utility to provide involuntary service disconnection data in the same manner that it reports these data under Minnesota Statutes §§ 216B.091 and 216B.096 which relate to the Cold Weather Rule (CWR). The Company provided these data in Attachment 3 to its Reports.

According to MERC's Reports, disconnection levels were higher at the beginning of calendar year 2015 than at the end of the year and reached their peak during the spring and summer of 2015 (roughly coinciding with the end of the Cold Weather Rule period). In 2016, disconnection levels significantly decreased by 96% compared to 2015. MERC did not provide an explanation for the precipitous drop.

Table 4 summarizes MERC's involuntary disconnection statistics.

Table 4: Involuntary Service Disconnections

	Disconnect Notices Sent	# of CWR Requests*	CWR Requests Granted*	% CWR Granted	Involuntary Disconnects	% Restored in 24 hrs.
2010 ⁷	n/a	n/a	n/a	n/a	n/a	n/a
2011	62,880	4,678	4,678	100 %	7,534	51.86 %
2012	55,611	5,407	5,407	100 %	6,358	90.42 %
2013	71,491	6,058	6,058	100 %	8,484	81.34 %
2014	87,069	7,014	7,014	100 %	6,801	88.08 %
2015	71,061	8,748	8,748	100%	5,393	48.23%
2016	2,690	4,649	4,649	100%	782	37.85%

**Residential customers only*

⁷ The Company did not file the data with its May 2, 2011 Service Quality Report but referred to its reports filed under Minnesota Statutes §§ 216B.091 and 216B.096. Thus, not applicable (n/a) is used for 2010.

The Department requests that MERC provide an explanation in *Reply Comments* for the anomalous disconnection figures for 2016.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

D. SERVICE EXTENSION REQUESTS

In its 09-409 *Order*, the Commission required that each utility provide in its annual Report service extension request information in the same manner as detailed in Minnesota Rule 7826.1600,⁸ items A and B, except for information already provided in Minnesota Statutes §§ 216B.091 and 216B.096, subd. 11.⁹ The Company provided, as an attachment to its Reports, the required service extension request data. Two sets of data are presented in the Reports, one for new service extensions to properties previously not connected to the utility's system, and the second regarding connections of those properties previously connected to the system.

Table 5 provides a summary of MERC's service extension information. Table 5 reflects monthly averages; the total number of requests for service to locations not previously served received in 2015 and 2016 were 2,199 and 2,271, respectively. The Department observed an average wait time of 46 days for commercial requests in 2015 and 20 days in 2016.

Table 5: Service Extension Requests (New Customers)

	Residential		Commercial	
	Mo Avg. # of Installations	Weighted Avg. # of Days to Complete	Mo. Avg. # of Installations	Weighted Avg. # of Days to Complete
2010	84	18	9	26
2011	103	26	13	22
2012	140	18	12	34
2013	173	21	6	25
2014	170	24	12	75
2015	165	30	19	46
2016	169	12	20	20

⁸ Titled *Reporting Service Extension Request Response Times*.

⁹ Titled *Reporting*.

As shown in Table 5(a) below, in 2015 there were on average 760 residential and 84 commercial service requests from current customers, or a monthly average total of 802 service requests. In 2016, the monthly average for residential and commercial requests decreased by 30 percent and 62 percent, respectively. The weighted average number of days to complete these requests was within a day for both residential and commercial requests.

Table 5 (a): Service Extension Requests (Previous Customers)

	Residential		Commercial	
	Mo. Avg. # of Installations	Weighted Avg. # of Days to Complete	Mo. Avg. # of Installations	Weighted Avg. # of Days to Complete
2010 ¹⁰	n/a	n/a	n/a	n/a
2011	702	1	38	0
2012	686	1	51	0
2013	610	1	48	0
2014	991	0	42	0
2015	760	0	84	0
2016	528	0	32	0

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

E. CUSTOMER DEPOSITS

In its 09-409 *Order*, the Commission required that each utility provide in its annual report data on customer deposits required for service as detailed in Minnesota Rules part 7826.1900. Please see Table 6 below.

Table 6: Customer Deposits

	Deposits Required	Deposits Held
2010	29	865
2011	16	881
2012	23	695
2013	16	625
2014	17	538
2015	2	499
2016	0	3

¹⁰ The Company did not have data from January through June in its May 2, 2011 Service Quality Report. Thus, not applicable (n/a) is used for 2010.

MERC reported that two customers were required to make deposits in 2015 due to theft of service and there were no new deposits required in 2016. The Company held three deposits at the end of 2016. MERC provided no explanation for the sharp decline in deposits held in 2016; therefore, the Department requests that the Company provide an explanation in its *Reply Comments*.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

F. CUSTOMER COMPLAINTS

The Commission's 09-409 *Order* requires Minnesota gas utilities to provide customer complaint data in the same manner as prescribed in Minnesota Rule 7826.2000. The Company provided, as an attachment to its Reports, these customer complaint data.

MERC noted in its 2014 Report that the number of complaints appears to be lower relative to previous years' reporting due to a change in Vertex's coding procedures. Previously, Vertex coded nearly every call received as a complaint. The new, more accurate complaint reporting procedures now classify calls as requests, questions, or complaints, which has reduced the number of calls classified as complaints.

MERC's Attachment 5 includes customer complaints as summarized in Table 7 below.

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, 2015 and 2016 reports were included in MERC's Reports. The Department also located MERC's Minnesota Rule 7820.0500 report in Docket No. E,G999/PR-16-13 (16-13 Docket) and E,G999/PR-17-13 (17-13 Docket).

Table 7: Customer Complaints

	# of Complaints Received	# Forwarded by CAO	% Resolved on Initial Inquiry
2010	2,540	23	93.9%
2011	3,257	12	99.7%
2012	1,904	15	89.0%
2013	1,753	25	86.4%
2014	557	26	71.3%
2015	454	55	28.4%
2016	577	27	18.4%

MERC's customer complaint data for 2014 to 2016 by complaint category is shown in Table 7(a):

Table 7(a): Customer Complaints by Resolution Type

	# of Complaints	% Agree with Customer Action	Compromise with Customer	Not within Control of the Utility	Refuse Customer's Request
2014	557	44.17%	27.47%	1.08%	27.29%
2015	454	41.41%	40.31%	8.59%	9.69%
2016	577	54.77%	27.21%	5.72%	12.31%

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

G. GAS EMERGENCY CALLS

In its 09-409 *Order*, the Commission required that Minnesota regulated natural gas utilities collect gas emergency phone line data. MERC provided these data in Attachment 6 to its Reports. Specifically, the Company provided data related to the total number of calls, the average telephone answer time, and the percentage of calls that were answered within 15 seconds (MERC's internal goal). All utilities participating in the Service Quality Reporting Workgroup¹¹ agreed to provide their internal performance goal for answering gas emergency calls (x percent in x seconds).

According to the information provided by MERC, for 2015, the Company reported a total of 19,204 emergency phone calls, and 23,773 in 2016, averaging approximately 1,600 and 1,981 per month, respectively. Please see Table 8 below. This represents an increase in emergency calls, an average of 381 per month more, compared to 2015. The average telephone answer time for the year 2015 was 9.25 seconds and 3.92 seconds for the year 2016. In addition, the Company's data indicates that in 2016 it was able to answer over 95 percent of its emergency phone calls in 15 seconds or less.

¹¹ MERC participated in the Service Quality Reporting Workgroup which met on June 22, 2012.

Table 8: Gas Emergency Calls

	# of Gas Emergency Calls	Average Response Time	% of Calls Answered in 15 Seconds or Less
2010	16,218	7.25	91.58%
2011	17,471	7.08	92.19%
2012	17,341	6.83	92.33%
2013	19,011	6.83	92.66%
2014	19,205	10.08	92.88%
2015	19,204	9.25	93.31%
2016	23,773	3.92	95.59%

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

H. GAS EMERGENCY RESPONSE TIME

In its 09-409 *Order*, the Commission required that Minnesota regulated gas utilities collect and provide data regarding gas emergency response times including the percentage of emergencies responded to within one hour and within more than one hour. In addition, the Commission required MERC to report the average number of minutes it takes to respond to an emergency. MERC provided these data in Attachment 6 to its Reports.

The Department notes that MERC provided emergency response data in service quality reports prior to the 09-409 *Order*. In these earlier service quality reports, the Company remarked that its internal goal is to respond to 97 percent of emergency calls in less than an hour. Through the Company's participation in the workgroup, MERC agreed to continue to provide data based on this internal gas emergency response goal.

As shown on Table 9 below, the response time to reported gas emergencies, MERC had 5,832 and 5,382 total calls to the gas emergency phone line in 2015 and 2016, respectively. This is a 15 percent decrease from the 6,896 calls in 2014 and a reduction in 2016 by 5 percent from 2015. Of the 5,832 calls, MERC was able to respond 95.4 percent within one hour in 2015 and 94.4 percent in 2016. The 2015 figures represent an increase over the 24-minute average response time in 2014 and an increase in the number of calls responded to within one hour, up from the 94.3 percent in 2014. In 2016, the average response time was 28 minutes, an increase from 26.9 minutes in 2015.

Table 9: Gas Emergency Response Time

	Calls Received	% Calls Responded to in <1 hour	% Calls Responded to in >1 hour	Avg. Response Time (minutes)
2010	7,010	95.3%	4.69%	27.25
2011	6,638	95.6%	4.38%	27.33
2012	6,221	93.6%	6.42%	30.08
2013	6,306	96.2%	3.76%	28.67
2014	6,896	94.3%	5.70%	23.67
2015	5,832	95.4%	4.68%	26.92
2016	5,382	94.4%	5.58%	28.00

Based on information provided by MERC, the Department notes that the Company continues to struggle to meet its internal goal of responding to 97 percent of emergency calls within one hour.

On a monthly basis in 2016, the Department notes that the average response times are tightly clustered, with 30 minutes being the longest average response time (in July) and 26 minutes being the shortest average response time (in August). Given MERC's service territory characteristics (*e.g.*, large geographic footprint, low-density), it is not surprising that its average emergency response time would hover around 28 minutes.

The Department acknowledges that MERC has fulfilled the reporting requirements of the 09-409 *Order*.

I. MISLOCATES

The Commission's 09-409 *Order* requires Minnesota natural gas utilities to provide data on mislocates, including the number of times a line is damaged due to a mismarked line or failure to mark a line. MERC provided the number of mislocates, by month, in Attachment 7 to its Reports.

As shown in Table 10, MERC's Reports indicated that there were 37 and 44 mislocates out of a total of 92,476 and 99,309 locates, resulting in an approximately 0.04 percent and 0.05 percent mislocate rates in 2015 and 2016, respectively.

Table 10: Mislocates

	# of Locates	# of Mislocates	% of Mislocates	Mislocates per 1,000 Tickets
2010	70,013	21	0.04%	0.30
2011	69,971	12	0.01%	0.17
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

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

J. DAMAGED GAS LINES

The Commission's 09-409 *Order* requires Minnesota regulated gas utilities to provide data on damaged gas lines, including the number of lines damaged by Company employees or contractors, the total number of other damage events, and the number of events that were unplanned in nature. Table 11 summarizes MERC's damaged gas lines information.

Table 11: Damaged Gas Lines

	Damage by Utility	Damage by Others	Total	Miles of Line	Damage/100 Line Miles
2010 ¹²	6	171	177	n/a	n/a
2011	21	191	212	n/a	n/a
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	4,894	1.00

The Company reported that there were no damage events that were attributable to system issues (*e.g.*, random equipment failure) in 2015 and 2016

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

¹² MERC provided information regarding the total number of damage events in its 2010 and 2011 *Annual Service Quality Reports*, but did not provide the miles of line.

K. SERVICE INTERRUPTIONS

In its 09-409 *Order*, the Commission required that Minnesota regulated natural gas utilities collect data regarding service interruptions. 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 causes. MERC provided these data in Attachment 9 to its Reports. The Department notes that MERC has provided comparable data related to service interruptions in previous service quality reports. The number of service interruptions on MERC's system is shown in Table 12 below.

Table 12: Service Interruptions

	Caused by Utility	Caused by others	Total Interruptions
2010	7	41	48
2011	8	145	156
2012	17	136	153
2013	5	129	134
2014	1	154	155
2015	22	155	177
2016	41	184	225

In the categorical break down of the service interruption incidents, MERC reports no change in interruptions caused by system integrity issues - zero in each year from 2012 through 2016 - and an increase in interruptions caused by other parties, from 154 in 2014 to 155 and 184 in 2015 and 2016, respectively. Service interruptions caused by MERC employees or contractors increased by approximately from 1 incident in 2014 to 22 and 41 in 2015 and 2016, respectively.

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 that it would calculate total outage time as beginning when the outage is reported and ending when service is restored to the last affected customer. Consequently, as part of its Reports, MERC included an attachment with an item-by-item breakdown of each service interruption in 2015 (Attachment 9 of the Report). The Department notes that in 2016, Attachment 9 of the Report did not provide an item-by-item breakdown of each service interruption.

The Department requests that in *Reply Comments*, MERC provide a schedule showing an item-by-item breakdown of each service interruption in 2016.

L. MNOPS REPORTABLE EVENTS

The 09-409 *Order* also required Minnesota regulated natural gas utilities to provide summaries of all major events that are immediately reportable to the Minnesota Office of Pipeline Safety (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. Please see Table 13 below.

Table 13: MNOPS Reportable Events

	Reportable Interruptions
2010	n/a
2011	2
2012	9
2013	11
2014	18
2015	35
2016	25

In Attachment 10 to its Reports, the Company reported 35 MnOPS reportable events during 2015 and 25 in 2016.

Regarding MNOPS reportable events, in its 2015 Report MERC stated the following:

MERC notes that we experienced on major outage event in Bemidji, Minnesota, on September 11, 2015. The incident occurred at approximately 1 p.m. on September 11, and MERC lost service to approximately 750 customers. MERC immediately dispatched technicians from other areas in the state to assist in the shut off, repairs, and relights, and the system was back up to pressure at about 8 p.m. or approximately 7 hours later. At that time, we had approximately 650 customers relit and back to service. We continued to relight customers at their convenience and the vast majority of customers were returned to service on September 12. We had one customer traveling in Europe at the time, and that customer was returned to service upon his return in November 2015.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

M. CUSTOMER SERVICE RELATED OPERATIONS AND MAINTENANCE (O&M) EXPENSES

Along with the service quality data referenced above, the Commission also requires Minnesota regulated natural gas utilities to report customer-service-related operation and maintenance (O&M) expenses related to its Federal Energy Regulatory Commission (FERC) 901 and 903 accounts. MERC provided these data in Attachment 11 to its Reports.

In 2015, MERC reported total service quality related O&M expenses of \$6,999,383 and \$4,922,974 in 2016 which, on an average basis, translates into approximately \$583,282 and \$410,248 O&M expenses per month in 2015 and 2016, respectively. See Table 14 below.

Table 14: Customer Service Related O&M Expenses

	FERC 901	FERC 903	O&M Total	O&M Average/Month
2010			\$5,964,790	\$497,066
2011	\$417,993	\$5,944,342	\$6,362,335	\$530,195
2012	\$505,142	\$5,904,186	\$6,409,328	\$534,111
2013	\$435,474	\$6,072,592	\$6,508,066	\$542,339
2014	\$444,076	\$5,764,171	\$6,208,247	\$517,354
2015	\$621,406	\$6,377,977	\$6,999,383	\$583,282
2016	\$1,160,044	\$3,762,930	\$4,922,974	\$410,248

The Department notes that in 2016, the amounts recorded in FERC 901 and FERC 903 shifted considerably. The Department requests that MERC address the increase in FERC 901 and decrease in FERC 903 in *Reply Comments*.

III. SUMMARY AND CONCLUSIONS

Based on its review of MERC's 2015 and 2016 *Annual Service Quality Reports*, the Department recommends that the Commission accept the Company's Reports pending MERC's response to various inquiries in *Reply Comments*. The Department recommends that the Company provide the following in its *Reply Comments*:

- an explanation for the apparent emerging trend in increasing average call response time;
- an explanation for the large increase in meters not read in 6-12 months and over 12 months in 2016.
- an explanation for the anomalous disconnection figures for 2016;
- an explanation for the sharp decline in deposits held in 2016;

- a schedule showing an item-by-item breakdown of each service interruption in 2016; and
- an explanation for the increase in O&M expense in FERC 901 and decrease in FERC 903 in 2016.

/lt

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-16-371 and G011/M-17-343

Dated this 20th day of October 2017

/s/Sharon Ferguson

[illegible]

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_16-371_16-371
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