

February 1, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 280
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. G6977/M-17-829

Dear Mr. Wolf:

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

Petition of Lake Region Energy Services Inc. for Extension of Its Exemption for Small Gas Utility Franchise to the Cities of Dent, Minnesota and Miliona, Minnesota.

The Petition was filed on November 29, 2017 by:

Tim Thompson
Lake Region Energy Services, Inc.
PO Box 643
Pelican Rapids, Minnesota 56572

As discussed in the attached Comments, the Department recommends conditional approval of the Petition. The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

JK/lt
Attachment

Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G6977/M-17-829

I. SUMMARY OF THE UTILITY'S PROPOSAL

On November 29, 2017, Lake Region Energy Services Inc. (LRES or the Company) filed a petition (Petition) for approval by the Minnesota Public Utilities Commission (Commission) of an exemption as a small gas utility franchise from the requirements of Minn. Stat. § 216B.16 subd. 12 (a) for service provided to the cities of Dent and Miltona, Minnesota (the Municipalities). LRES stated that the Municipalities' respective city councils had approved franchise agreements granting LRES a non-exclusive franchise and passed resolutions supporting LRES's exemption request. To the extent necessary, the Company also requested an exemption for incidental natural gas distribution service to the rural areas outside of the borders of the Municipalities it will serve. LRES's facilities related to this project will be located in Douglas and Otter Tail counties.¹

The Company included several exhibits in its Petition.

- Exhibit A included the "Resolutions and Acknowledgements of the Receipt of the proposed LRES Rates and Rules Book" and a "Letter of Support and the Resolution of the City of Dent, Minnesota."
- Exhibit B included the "Resolutions and Acknowledgements of the Receipt of the proposed LRES Rates and Rules Book" and a "Letter of Support and the Resolution of the City of Miltona, Minnesota."
- Exhibit C included copies of the franchise ordinances for Dent and Miltona.
- Exhibit D included a copy of LRES's proposed tariff or "Rates and Rule Book."
- Exhibit E included a map of the Company's proposed system for service within Dent.
- Exhibit F included a map of the Company's proposed system for service within Miltona.
- Exhibit G included a map of the proposed transmission and distribution routes that LRES will employ or build.

¹ The instant docket is LRES's second proceeding requesting Commission approval of a small gas utility franchise. The Commission approved LRES's request to serve Deer Creek and Parker's Prairie under a similar arrangement in Docket No. G6977/M-17-178 in its Order dated July 28, 2017.

II. THE DEPARTMENT'S ANALYSIS

A. BACKGROUND

Lake Region Energy Services Inc. is a wholly owned subsidiary of Lake Region Electric Cooperative. According to information provided in the Petition:

LRES was organized for the purpose of developing, constructing, and operating a natural gas distribution system to provide natural gas service to Deer Creek and Parkers Prairie, and the immediately surrounding areas for incidental gas service. Presently, natural gas service is not available to residents of the Municipalities relevant to this Petition, or the immediately surrounding areas. Propane, fuel oil and electric energy are the primary fuels for residential, commercial, agricultural, and industrial uses within the Municipalities and the immediately surrounding areas.²

B. STATUTORY REQUIREMENTS FOR SMALL GAS UTILITY FRANCHISE EXEMPTION

Minnesota Statute § 216B.02, subd. 4 states:

“Public utility” means persons, corporations, or other legal entities, their lessees, trustees, and receivers, now or hereafter operating, maintaining, or controlling in this state equipment or facilities for furnishing at retail natural, manufactured, or mixed gas or electric service to or for the public or engaged in the production and retail sale thereof.... In addition, the provisions of this chapter shall not apply to a public utility whose total natural gas business consists of supplying natural, manufactured, or mixed gas to not more than 650 customers within a city pursuant to a franchise granted by the city, provided a resolution of the city council requesting exemption from the regulation is filed with the commission. [Emphasis added.]

This statutory language indicates that a public utility would be considered exempt from the legal requirements included in Chapter 216B and by extension, from Commission regulation, if it was granted a franchise by a city and if the city provides a resolution of support for the

² Petition at page 3.

exemption request. Further, the utility is limited to serving no more than 650 customers within the city.

Minnesota Statute Chapter 216B contains some additional language that is germane to this topic.

Minnesota Statute § 216B.16, subd. 12 (a) states:

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 5,000 customers.

This statutory language reiterates the 650-customers-within-a-municipality threshold included in the definition of public utility and then adds a limiting criterion of 5,000 total customers. A conservative reading of the two statutes would lead to the conclusion that both criteria need to be met in order for the Commission to grant an exemption.

Additionally, Minnesota Statute § 216B.16, subd. 12 (b) states:

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.

This section of Chapter 216B adds a layer of complexity by indicating that a public utility may be granted exemption only for the portion of its business within each municipality, unless the service provided outside each municipality is considered to be incidental, in which case all of the public utility's business is exempt from rate regulation. It appears that Minnesota Statute § 216B.02, subd. 4 (existing since 1981) did not contemplate the possibility that a public utility

may serve more than one municipality;³ thus, further refinements were made to the statutory language regarding small gas utility exemptions. Chronologically, the initial sentence in Minnesota Statute § 216B.16, subd. 12 (b) became law in 1991. The rest of the passage became law in 1995, as did subpart (d).

Minnesota Statute § 216B.16, subd. 12 (c) through (e) states:

(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.

The language in Minnesota Statute § 216B.16, subd. 12 subparts (c) and (e) originally became law in 1991. They were re-numbered as part of the statutory changes enacted in 1995.

The Minnesota Department of Commerce, Division of Energy Resources (Department or DOC) provides the following analysis regarding the statutory requirements for small gas utility franchise exemptions, and whether LRES's proposed tariff conforms to the remaining statutory requirements.

C. ANALYSIS OF THE PROPOSED EXEMPTION FROM COMMISSION REGULATION OF NATURAL GAS RATES

The Department asked a number of information requests to determine the composition of LRES's potential customer base. The Company estimated that it would initially serve 230 customers in the two municipalities in 2019. Table 1 below summarizes the information LRES provided in the Petition and in its response to DOC Information Request No. 4. The Department

³ As the Commission staff noted in footnote 2 on page 4 of its briefing papers in Docket No. G6915/M-13-672 (*In the Matter of the Petition of Dooley's Natural Gas LLC for Exemption for Small Gas Utility*), "Trying to read these statutes together could arguably result in a contradiction, unless one interprets the former to apply only to a gas utility who services only one city and has 650 or fewer customers in total."

also included a 2010 population estimate from the United States Census Bureau for the Municipalities:

Table 1 – Summary of Expected Initial Number of Customers and Population for Dent, Miltona and the Surrounding Area in 2019

City	Date of Resolution	Expected Number of Customers*	Population**
Dent	September 14, 2017	<500	193
Miltona	September 28, 2017	<500	408
Immediate Surrounding Areas		77	Unknown
Total		230	Not Applicable

*Source: DOC Information Request Response #4

**Source: www.minnesota-demographics.com/cities_by_population

As indicated above, a natural gas business with 650 or fewer customers within a municipality and operating pursuant to a franchise granted by the municipality may request exemption from rate regulation if a resolution from the municipality is provided supporting the exemption request. The city councils of Dent and Miltona approved resolutions requesting exemption from Commission regulation and passed ordinances granting LRES a 10-year franchise to operate, repair and maintain a natural gas distribution system within each city's limits.⁴

In DOC Information Request Nos. 2 through 4, the Department requested information regarding LRES's estimate of the number of customers it expects to serve outside the municipal boundaries, and the corresponding usage.⁵ Table 2 summarizes this information.

⁴ The ordinances were included as Exhibit C of the Petition.

⁵ Attachments A through C contain these information requests of LRES's responses.

Table 2 – Comparison of Forecasted Load and Number of Customers Located Within and Outside the Municipalities’ Boundaries (in Percentage) 2018 - 2020

Location	Customers	Design Day Demand (Dkt/day)	Percentage of Annual Throughput (Annual Dkt)
Within Municipal Boundaries	65.8%	64.8%	63.7%
Outside of Municipal Boundaries (Incidental)	34.2%	35.2%	36.3%
Total	100.0%	100.0%	100.0%

The percentages for customers, design-day requirements and annual throughput listed in Table 2 as being located outside the Municipalities are higher than the Department has seen from LRES and other companies requesting similar exemptions.

LRES provided the following table, on page 6 of the Petition, showing the expected customer numbers:

Table 3 – Estimated Customers in Miltona and Dent, including Rural/Incidental Service

	2018	2019	2020	2021	2022
Residential (city)	110	121	133	147	161
Residential (rural)	68	75	83	91	100
Sm. Volume Commercial (city)	28	29	30	32	34
Lg. Volume Commercial (city)	3	3	3	3	4
Lg. Volume Commercial (rural)	2	2	2	2	2
Total Customers by Year	211	230	251	275	301

The maps provided in Exhibits E and F of the Petition show the areas to be served outside the city limits. It appears to the Department that it would be reasonable to consider the rural areas incidental to serving the municipalities. Further, and as more fully discussed below, the Department concludes that adequate safeguards are in place for those customers receiving

service outside the municipal boundaries. Minnesota Stat. §216B.16, subd. 12 (b) requires the utility to file any changes in rates, tariffs, and contracts for service outside the municipality. LRES stated:

The Rate Book that was subsequently developed as part of that process [the Deer Creek and Parkers Prairie exemption request] is the same as the Rate Book that LRES submits for PUC approval in connection with the instant Petition, with the addition of the relevant Municipalities and townships.

Finally, LRES's efforts to extend natural gas service to more Minnesotans is consistent with the public policy goal of ensuring that natural gas service is available to as many Minnesotans as is practicable. Therefore, the Department supports LRES's position that the customers and load it forecasts it will serve outside of the Municipalities could reasonably be considered incidental.

For further context, the estimated total customer numbers for the Parkers Prairie, Deer Creek,⁶ Dent and Miltona areas are as follows:

Table 4: LRES Estimated and Projected 2018 Customer Numbers

Description	Number of Customers	Percentage
Within Municipalities	391	82.7%
Rural	82	17.3%
Total	473	

The Department concludes that LRES's service to Dent and Miltona, including incidental customers located outside of the Municipalities, meets the statutory criteria for an exemption.

D. LRES'S PROPOSED TARIFF

Should the Commission grant LRES's exemption request, the Department notes that the utility will remain subject to certain statutory requirements, as more fully discussed below. LRES included a proposed tariff in Exhibit D of its Petition that is identical to the tariff the Commission approved in the 17-186 docket except that the lists of cities and townships served have been updated.

⁶ Estimates for Parkers Prairie and Deer Creek are from LRES's May 22, 2017 response to DOC IR No. 10 in Docket No. G6977/M-17-186.

The first issue reviewed relates to the extension of certain consumer protections to LRES's potential ratepayers. Minnesota Statute § 216B.16, subd. 12 (c) indicates that a small gas utility exemption does not exempt the utility from the Cold Weather Rule requirements:

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.

Section 27 of the Company's proposed tariff addresses this requirement. The Department concludes that LRES's proposed tariff complies with the statutory requirement regarding disconnection during cold weather.

The Commission has considered the extension of consumer protections to an exempt small natural gas utility's ratepayers, notably in the Commission's January 7, 2014 *Order Granting Small Gas Utility Franchise Exemption Under Minn. Stat § 216B.16, Subd. 12* for Dooley's Natural Gas (DNG) in Docket No. G6915/M-13-672. In its Order, the Commission clarified that while DNG had been exempted from rate regulation, it remained subject to various other statutory provisions under Commission jurisdiction, including but not limited to the following:

- Minn. Stat § 216B.096 – Annual Reporting Requirement to Commission
- Minn. Stat § 216B.0976 – Notice to Cities of Utility Disconnection
- Minn. Stat § 216B.098 – Residential Customer Protection.

Additionally, the Commission stated in its 13-672 Order:

Under state law, DNG continues to be responsible to submit the following to the Commission:

- Annual Cold Weather Rule reports as required under Minn. Stat. § 216B.096, Subd. 11;
- Annual tariff updates with municipally approved rates to the Commission (Minn. Stat. § 216B.16, Subd. 12 (c)); and
- Any subsequent changes in rates, tariffs and contracts for service outside the municipalities at least 30 days in advance of implementation.

While not included in an order point, the Commission stated in its 13-672 Order that DNG is responsible for informing the Commission should the number of customers served exceed the statutory thresholds.

The Commission included similar language in its Order dated July 28, 2017 in Docket No. G6977/M-17-186 which granted LRES its initial exemption from regulation. At Ordering point 3 the Commission clarified that LRES is subject to the following statutes, rules and reporting requirements:

- Annual Cold Weather Rule reports will be filed as required under Minn. Stat. § 216B.096, subd. 11 and Minn. Stat. § 216B.16, subd. 12 (c);
- Annual tariff updates with municipally approved rates are to 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 are to be filed at least 30 days in advance of implementation (Minn. Stat. § 216B.16, subd. 12 (b));
- Annual Minnesota Natural Gas Utility Information reporting to be made under Minn. Rules 7610.0800 – 7610.0860 is to be made on or before July 1 of each year;
- Notification to the Commission should its customer base expand beyond the 5,000 customer threshold (Minn. Stat. § 216B.16, subd. 12 (a);
- Notice to cities of utility disconnection (Minn. Stat. § 216B.0976), and
- Residential customer protections (Minn. Stat. § 216B.098).

The Department's review of the Petition and LRES's tariff suggested that LRES has complied to the extent possible with the first six bullet point identified in the Commission's Order. The Department is requesting that LRES provide some additional information or proposed tariff changes in its Reply Comments regarding its compliance with the requirements contained in Minn. Stat. § 216B.098 – Residential Customer Protections. That statute requires a public utility of LRES's size to provide

- payment agreements for payment of arrears;
- payment agreements for undercharges, and,
- special provisions for customers requiring medically necessary equipment.

The Department's review did identify tariff language that addresses customers with medically necessary equipment and to payment agreements for payment of arrears for customers requiring medically necessary equipment. The Department's review did not identify tariff language that specifically addresses payment agreements for arrears or payment agreements for undercharges for all customers. Thus, the Department asks that in Reply Comments, LRES propose tariff language to fulfill the rule requirement or to identify in its tariff where it addresses payment agreements for the payment of arrears and for undercharges.

E. LRES'S EMERGENCY MANAGEMENT PLAN

Given LRES's expanded areas of service, the Department requested "a narrative that describes Lake Region Energy Services Emergency Response Plan and an example of how that protocol would function if there were an emergency in either Dent or Miltna" in Department Information Request No. 1. LRES provided a lengthy and detailed response that explained the different components of its Emergency Response Plan. The Department appreciates LRES's response and has included it as Attachment D to these comments.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve the Petition, conditioned upon LRES's continued compliance with the following statutes:

- § 216B.16, subd. 12 (b) – submittal of all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality;
- § 216B.16, subd. 12 (c) - annual submittal of municipally approved rates;
- § 216B.096 – Cold Weather Rule;
- § 216B.0976 – Notice to Cities of Utility Disconnection; and
- § 216B.098 – Residential Customer Protections.

The Department also asks that LRES propose in Reply Comments tariff language addressing payment agreements for the payment of arrears and for payment of undercharges or to identify in its tariff where it addresses those rule requirements.

/lt

**Minnesota Department of Commerce
Division of Energy Resources
Information Request**

Docket Number: G6977/M-17-829 ☐ Nonpublic ☒ Public
Requested From: Kent D. Mattson, Pemberton Law
representing Lake Region Energy Services, Inc. Date of Request: 1/4/2018
Type of Inquiry: Forecasting Response Due: 1/16/2018

Requested by: John Kundert
Email Address(es): john.kundert@state.mn.us
Phone Number(s): 651-539-1740

Request Number: 2
Topic: Lake Region Energy Services Potential Customers
Reference(s): December 2, 2017 Petition for Exemption of Small Gas Utility

Request:

Please provide a chart that identifies the following information for the municipality of Dent and the surrounding area.

- a. The forecasted monthly usage by class for firm residential, commercial, and industrial sales customers and all firm transportation customers located within the municipality of Dent for the period from 2019 through 2021.
- b. The forecasted monthly usage by class for firm residential, commercial and industrial sales customers and all firm transportation customers located within the municipality of Miltona for the period from 2019 through 2021.
- c. The forecasted monthly usage by class for firm residential, commercial and industrial sales and all firm transportation customers located outside but within the vicinity of the municipality of Dent for the period from 2019 through 2021.
- d. The forecasted monthly usage by class for firm residential, commercial and industrial sales and all firm transportation customers located outside but within the vicinity of the municipality of Miltona for the period from 2019 through 2021.

Response:

Please see the charts below. These show forecasted usage by customer class, by month and year. Note that forecasted usage for residential and commercial customers outside but within the vicinity of the municipalities are referred to as "Residential Rural" and "Large Volume Rural" respectively.

To be completed by responder

Response Date: January 12, 2018
Response by: Kent D. Mattson, Attorney for LRES
Email Address: k.mattson@pemplaw.com
Phone Number: (218) 736-5493

Forecasted Usage – Dent, Minnesota

Customer Usage 2019 (dkt)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	426	372	319	186	133	80	80	80	118	177	353	442	2,765
Residential Rural	274	239	205	120	86	51	51	51	72	108	217	271	1,745
Sm. Commercial City	400	400	400	400	400	400	400	400	433	433	433	433	4,933
Lg. Commercial City	0	0	0	0	0	0	0	0	0	0	0	0	0
Lg. Volume Rural	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Grand Total	1933	1845	1758	1539	1452	1364	1364	1364	1457	1552	1837	1979	19,444

Customer Usage 2020 dkt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	471	412	353	206	147	88	88	88	129	194	388	485	3,050
Residential Rural	289	253	217	126	90	54	54	54	76	114	228	285	1,840
Sm. Commercial City	433	433	433	433	433	433	433	433	467	467	467	467	5,333
Lg. Commercial City	0	0	0	0	0	0	0	0	0	0	0	0	0
Lg. Volume Rural	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Grand Total	2027	1932	1837	1599	1504	1409	1409	1409	1505	1608	1916	2070	20,224

Customer Usage 2021 dkt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	517	452	388	226	162	97	97	97	144.4	216.6	433	542	3,371
Residential Rural	304	266	228	133	95	57	57	57	80	120	239	299	1,935
Sm. Commercial City	467	467	467	467	467	467	467	467	467	467	467	467	5,600
Lg. Commercial City	0	0	0	0	0	0	0	0	0	0	0	0	0
Lg. Volume Rural	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Grand Total	2121	2018	1916	1659	1557	1454	1454	1454	1524	1636	1973	2141	20,906

To be completed by responder

Response Date: January 12, 2018
 Response by: Kent D. Mattson, Attorney for LRES
 Email Address: k.mattson@pemplaw.com
 Phone Number: (218) 736-5493

Forecasted Usage – Miltona, Minnesota

Customer Usage 2019 dkt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	1246	1091	935	545	390	234	234	234	342	513	1026	1283	8,071
Residential Rural	760	665	570	333	238	143	143	143	213	319	638	798	4,961
Sm. Commercial City	500	500	500	500	500	500	500	500	533	533	533	533	6,133
Lg. Commercial City	572	572	572	572	572	572	572	572	572	572	572	572	6,864
Lg. Volume Rural	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	3078	2828	2577	1950	1699	1448	1448	1448	1660	1938	2770	3186	26,029

Customer Usage 2020 dkt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	1368	1197	1026	599	428	257	257	257	376.2	564.3	1129	1411	8,866
Residential Rural	851	745	638	372	266	160	160	160	239	359	718	898	5,566
Sm. Commercial City	533	533	533	533	533	533	533	533	567	567	567	567	6,533
Lg. Commercial City	572	572	572	572	572	572	572	572	572	572	572	572	6,864
Lg. Volume Rural	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	3325	3047	2770	2076	1799	1521	1521	1521	1754	2062	2985	3447	27,830

Customer Usage 2021 dkt	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	1505	1317	1129	658	470	282	282	282	414	621.3	1243	1553	9,757
Residential Rural	958	838	718	419	299	180	180	180	266	399	798	998	6,231
Sm. Commercial City	567	567	567	567	567	567	567	567	600	600	600	600	6,933
Lg. Commercial City	572	572	572	572	572	572	572	572	572	572	572	572	6,864
Lg. Volume Rural	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	3601	3293	2985	2216	1908	1600	1600	1600	1852	2192	3213	3723	29,785

To be completed by responder

Response Date: January 12, 2018
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**Minnesota Department of Commerce
Division of Energy Resources
Information Request**

Docket Number: G6977/M-17-829 ☐ Nonpublic ☒ Public
Requested From: Kent D. Mattson, Pemberton Law Date of Request: 1/4/2018
representing Lake Region Energy Services, Inc. Response Due: 1/16/2018
Type of Inquiry: Forecasting

Requested by: John Kundert
Email Address(es): john.kundert@state.mn.us
Phone Number(s): 651-539-1740

Request Number: 3
Topic: Lake Region Energy Services Potential Customers
Reference(s): December 2, 2017 Petition for Exemption of Small Gas Utility

Request:

Please provide a chart that identifies the following information for the municipalities of Dent and Miltona and the areas surrounding each of the municipalities respectively.

- a. The annual design day demand by class for the firm residential, commercial and industrial sales customers and all firm transportation customers located within the municipality of Dent for the period from 2019 through 2021.
- b. The annual design day demand by class for the firm residential, commercial and industrial sales customers and all firm transportation customers located within the municipality of Miltona for the period from 2019 through 2021.
- c. The annual design day demand by class for the firm residential, commercial and industrial sales customers and all firm transportation customers located outside of the municipality of Dent but within the vicinity for the period from 2019 through 2021.
- d. The annual design day demand by class for the firm residential, commercial and industrial sales customers and all firm transportation customers located outside of the municipality of Miltona but within the vicinity for the period from 2019 through 2021.

Response:

Please see the attached charts. Please note that the "rural" designation is used when referring to firm transportation customers located outside of each municipality, but within the vicinity thereof.

To be completed by responder

Response Date: January 12, 2018
Response by: Kent D. Mattson, Attorney for LRES
Email Address: k.mattson@pemplaw.com
Phone Number: (218) 736-5493

a. Annual Design Day by Class (dkt) – City of Dent

City of Dent	2019	2020	2021
Firm Residential	31	34	38
Small Commercial	50	54	56
Large Commercial	0	0	0
Transportation	0	0	0
Total	81	88	94

b. Annual Design Day by Class (dkt) – City of Miltna

City of Miltna	2019	2020	2021
Firm Residential	90	100	110
Small Commercial	62	66	70
Large Commercial	69	69	69
Transportation	0	0	0
Total	221	235	249

c. Annual Design Day by Class (dkt) – Rural Dent

Rural Dent	2019	2020	2021
Firm Residential	18	19	20
Small Commercial	0	0	0
Large Commercial	100	100	100
Transportation	0	0	0
Total	118	119	120

d. Annual Design Day by Class (dkt) – Rural Miltna

Rural Miltna	2019	2020	2021
Firm Residential	50	56	63
Small Commercial	0	0	0
Large Commercial	0	0	0
Transportation	0	0	0
Total	50	56	63

To be completed by responder

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Phone Number: (218) 736-5493

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Topic: Lake Region Energy Services Potential Customers
Reference(s): Table on page 6 of the filing

Request:

Please provide a chart that identifies the following information for the municipalities of Dent and Miliona and the surrounding areas.

- a. The number of customers by month by class for firm residential, commercial and industrial sales and all firm transportation customers located within the municipality of Dent for the period from 2019 through 2021.
- b. The number of customers by month by class for firm residential, commercial industrial sales and all firm transportation customers located within the municipality of Miliona for the period from 2019 through 2021.
- c. The number of customers by month by class for firm residential, commercial and industrial sales and all firm transportation customers located outside of the municipality of Dent but within the vicinity for the period from 2019 through 2021.
- d. The number of customers by month by class for firm residential, commercial and industrial sales and all firm transportation customers located outside of the municipality of Miliona but within the vicinity for the period from 2019 through 2021.

Response:

Please see the attached charts. Please note that the "rural" designation is used when referring to firm transportation customers located outside of each municipality, but within the vicinity thereof.

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Phone Number: (218) 736-5493

a. Forecasted Customers by Month – Dent Municipality and Rural

Customer Count 2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	28	28	28	28	28	28	28	28	31	31	31	31	31
Residential Rural	18	18	18	18	18	18	18	18	19	19	19	19	19
Sm. Commercial City	12	12	12	12	12	12	12	12	13	13	13	13	13
Lg. Commercial City	0	0	0	0	0	0	0	0	0	0	0	0	0
Lg. Volume Rural	2	2	2	2	2	2	2	2	2	2	2	2	2

Customer Count 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	31	31	31	31	31	31	31	31	34	34	34	34	34
Residential Rural	19	19	19	19	19	19	19	19	20	20	20	20	20
Sm. Commercial City	13	13	13	13	13	13	13	13	14	14	14	14	14
Lg. Commercial City	0	0	0	0	0	0	0	0	0	0	0	0	0
Lg. Volume Rural	2	2	2	2	2	2	2	2	2	2	2	2	2

Customer Count 2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	34	34	34	34	34	34	34	34	38	38	38	38	38
Residential Rural	20	20	20	20	20	20	20	20	21	21	21	21	21
Sm. Commercial City	14	14	14	14	14	14	14	14	14	14	14	14	14
Lg. Commercial City	0	0	0	0	0	0	0	0	0	0	0	0	0
Lg. Volume Rural	2	2	2	2	2	2	2	2	2	2	2	2	2

To be completed by responder

Response Date: January 12, 2018
Response by: Kent D. Mattson, Attorney for LRES
Email Address: k.mattson@pemplaw.com
Phone Number: (218) 736-5493

b. Forecasted Customers by Month – Miltona Municipality and Rural

Customer Count 2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	82	82	82	82	82	82	82	82	90	90	90	90	90
Residential Rural	50	50	50	50	50	50	50	50	56	56	56	56	56
Sm. Commercial City	15	15	15	15	15	15	15	15	16	16	16	16	16
Lg. Commercial City	3	3	3	3	3	3	3	3	3	3	3	3	3
Lg. Volume Rural	0	0	0	0	0	0	0	0	0	0	0	0	0

Customer Count 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	90	90	90	90	90	90	90	90	99	99	99	99	99
Residential Rural	56	56	56	56	56	56	56	56	63	63	63	63	63
Sm. Commercial City	16	16	16	16	16	16	16	16	17	17	17	17	17
Lg. Commercial City	3	3	3	3	3	3	3	3	3	3	3	3	3
Lg. Volume Rural	0	0	0	0	0	0	0	0	0	0	0	0	0

Customer Count 2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential City	99	99	99	99	99	99	99	99	109	109	109	109	109
Residential Rural	63	63	63	63	63	63	63	63	70	70	70	70	70
Sm. Commercial City	17	17	17	17	17	17	17	17	18	18	18	18	18
Lg. Commercial City	3	3	3	3	3	3	3	3	3	3	3	3	3
Lg. Volume Rural	0	0	0	0	0	0	0	0	0	0	0	0	0

To be completed by responder

Response Date: January 12, 2018
Response by: Kent D. Mattson, Attorney for LRES
Email Address: k.mattson@pemplaw.com
Phone Number: (218) 736-5493

**Minnesota Department of Commerce
Division of Energy Resources
Information Request**

Docket Number: G6977/M-17-829 ☐ Nonpublic ☒ Public
Requested From: Kent D. Mattson, Pemberton Law
representing Lake Region Energy Services, Inc. Date of Request: 1/4/2018
Type of Inquiry: Legal Response Due: 1/16/2018

Requested by: John Kundert
Email Address(es): john.kundert@state.mn.us
Phone Number(s): 651-539-1740

Request Number: 1
Topic: Emergency Response Times
Reference(s): Tariff Section 1, Page 3

Request:

Please provide a narrative that describes Lake Region Energy Services (LRES) Emergency Response Plan and an example of how that protocol would function if there were an emergency in either Dent or Miltna.

Response:

LRES provides a toll-free number, (888) 295-8976, which receives emergency calls 24 hours per day. This number is monitored by company employees or an answering service at all times.

During regular business hours, from 8:00 a.m. to 4:30 p.m., calls are answered by Lake Region Energy Services customer service representatives. If the call is determined to be an emergency, versus a standard billing question call or other item, the emergency is classified into one or more of the following categories:

- (1) Fire located near or directly involving a pipeline facility;
- (2) Explosion occurring near or directly involving a pipeline facility;
- (3) Gas detected inside or near a building;
- (4) Gas odor or blowing gas;
- (5) natural disaster; or
- (6) Gas service outage.

To be completed by responder

Response Date: January 12, 2018
Response by: Kent D. Mattson, Attorney for LRES
Email Address: k.mattson@pemplaw.com
Phone Number: (218) 736-5493

LRES will dispatch the call to all qualified personnel via text message and direct phone calls to our service technicians. The closest available technician will respond as quickly as possible—and in all cases, under an hour—to troubleshoot the issue and make the scene safe. If there are lives or property in immediate danger, 911 would be notified at the same time as the LRES technicians. If the emergency call comes in after hours, Time Communications contacts the on-call employee via e-mail and phone call. Multiple employees receive the notification via e-mail, including LRES's regular daytime technicians who would respond if necessary. LRES updates its on-call staff listing with Time Communications on a regular basis to ensure that it has the proper contact information for the team.

Additionally, LRES has a mutual aid agreement with Greater Minnesota Gas/Transmission Company, which can assist with any response if necessary. Greater Minnesota Transmission Company owns and maintains the transmission pipeline attendant to LRES's distribution line, with assets and resources nearby.

Once the situation has been fully evaluated and resolved, updates are provided to the on-call and management teams to keep all personnel apprised of the situation.

LRES maintains a 24 hour on-call team of trained technicians who are available to be onsite for emergency response within one hour of dispatch after normal working hours. These technicians are equipped with:

- (1) a mobile phone;
- (2) gas leak detection equipment;
- (3) hand tools for shutting off meters, digging up services, squeezing off service lines and other miscellaneous activities;
- (4) maps and records of active distribution systems;
- (5) a current copy of the emergency response manual;
- (6) underground locating equipment;
- (7) phone lists of emergency personnel;
- (8) phone lists of emergency responders within LRES's service territory; and
- (9) phone lists for contracted services that can respond in an emergency situation.

In support of these representatives, LRES has contracted with Northern Pipeline Construction Company (NPL) to provide 24-hour emergency repair and excavation services. LRES has also partnered with Groebner and Associates (Groebner) to provide 24-hour emergency materials access.

NPL and Groebner have emergency parts on hand which might be needed in an emergency. These include plastic pipe, shut-off valves, risers, meter sets, tapping tees, sleeves, and couplings in sizes used by LRES. NPL has pre-tested plastic and steel pipe that will be utilized for emergency repair.

To be completed by responder

Response Date: January 12, 2018
Response by: Kent D. Mattson, Attorney for LRES
Email Address: k.mattson@pemplaw.com
Phone Number: (218) 736-5493

NPL has an assortment of squeeze off tools and excavation equipment on hand as well as employees on call to respond for an emergency repair.

NPL's equipment yard is located in Lakeville, MN, with access to Interstate Highway 35 within 3.5 miles. NPL has contracted to leave the Lakeville yard within 1 hour of being notified of the need for an emergency response.

To be completed by responder

Response Date: January 12, 2018
Response by: Kent D. Mattson, Attorney for LRES
Email Address: k.mattson@pemplaw.com
Phone Number: (218) 736-5493

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. G6977/M-17-829

Dated this 1st day of February 2018

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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_17-829_M-17-829
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-829_M-17-829
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-829_M-17-829
Ryan D	Fullerton	r.fullerton@pemlaw.com	Pemberton, Sorlie, Rufer & Kershner	110 North Mill St Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_17-829_M-17-829
Kent D.	Mattson	k.mattson@pemlaw.com	Pemberton, Sorlie, Rufer & Kershner, PLLP	110 N Mills St PO Box 866 Fergus Falls, MN 565380866	Electronic Service	No	OFF_SL_17-829_M-17-829
Tim	Thompson	tthompson@lrec.coop	Lake Region Electric Cooperative	PO Box 643 1401 South Broadway Pelican Rapids, MN 56572	Electronic Service	No	OFF_SL_17-829_M-17-829
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_17-829_M-17-829