

December 26, 2018

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 to the Notice of Comment Period Issued December 4, 2018 in the Minnesota Public Utilities Commission Investigation into Parameters for Competition among Natural Gas Utilities Involving Duplication of Facilities and Use of Promotional Incentives and Other Payments**
Docket No. G-999/CI-17-499

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in response to the Minnesota Public Utilities Commission's (Commission) Notice of Comments of December 4, 2018 in the aforementioned docket.

The Department recommends that the Commission not clarify its September 19, 2018 Order in this docket as requested by Greater Minnesota Gas and is available to respond to any questions the Commission may have on this matter.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

JK/jl
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G-999/CI-17-499

I. INTRODUCTION

On December 4, 2018, the Minnesota Public Utilities Commission (Commission or MPUC) issued a Notice of Comments (Notice) in its Investigation into Parameters for Competitions among Natural Gas Utilities Involving Duplication of Facilities and Use of Promotional Incentives and Other Payments. The section of the Notice relevant to these Comments listed the following two topics as open for comment:

- Does Greater Minnesota Gas, Inc.'s (GMG or Company) filing constitute a complaint as described in the Commission's September 19, 2018 ORDER ADOPTING STANDARDS GOVERNING COMPETITION AMONG NATURAL GAS UTILITIES (September 19, 2018 Order), in this docket?
- Should the Commission clarify its September 19, 2018 Order as requested by GMG?

The Minnesota Department of Commerce, Division of Energy Resources (Department) addresses the Commission's questions in order.

II. DEPARTMENT ANALYSIS

In response to the Commission's first question, the Department accepts GMG's classification of its letter as a clarification of the Commission's Order rather than a complaint.

As to the second question, the Department does not believe that the Commission needs to clarify its Order. The Commission noted the interplay between the duplication of facilities and the existence of competition for new customers in its ORDER. Specifically, at page 7 of that ORDER the Commission stated:

The Commission's criteria are in essence a framework for applying Minn. Stat. § 216B.01. The statute requires this agency to regulate utilities "to provide the retail consumers of natural gas . . . with adequate and reliable services at reasonable rates . . . to avoid unnecessary duplication of facilities which increase the cost of

service to the consumer[,] and to minimize disputes between public utilities which may result in in convenience or diminish efficiency in service to the consumers.”

By using the qualifier “unnecessary” before the work “duplication,” the statute contemplates that some duplication of facilities may be necessary to provide adequate and reliable service at reasonable rates. Moreover, the absence of legislative action to assign exclusive service territories allows a certain amount of competition among them, and likely some duplication of infrastructure.

GMG’s request appears to be asking for more clarification as to the potential for duplication of facilities. The Company stated:

GMG’s interpretation of the Order is that [it] applies in such a way that prohibits duplication of facilities to serve new customers that could be served by another utility’s existing facilities; ergo, it prohibits constructing parallel mains.

As indicated above, the Commission’s Order does not prohibit the duplication of facilities to serve new customers. Thus, the Company’s conclusion that the construction of parallel mains is prohibited is incorrect. Because the Commission’s Order language is clear, the Department concludes that no additional clarification is necessary.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission dismiss GMG’s request for further clarification regarding the duplication of facilities. Existing language in the Commission’s ORDER is sufficient to address GMG’s clarification.

JK/jl

CERTIFICATE OF SERVICE

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, 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 Nos. **G999/CI-17-499**

Dated this **26th** day of **December, 2018**.

/s/Linda Chavez

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