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April 12, 2019

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

**VIA ELECTRONIC FILING**

Re: In the Matter of a Commission Inquiry into the Impact of Severe Weather in  
January and February 2019 on Utility Operations and Service  
Docket No. E,G-999/CI-19-160

**Comments of Minnesota Energy Resources Corporation**

Dear Mr. Wolf:

On March 18, 2019, the Minnesota Public Utilities Commission (the "Commission") issued a Notice of Comment Period in the above-referenced Docket, requesting information from the utilities, including Minnesota Energy Resources Corporation ("MERC" or the "Company") related to the impacts of the cold weather in January and February 2019 on utility operations. The Commission's Notice requested that the natural gas utilities submit filings by April 12, 2019, providing the following information:

1. A report on curtailment activity during this period: What percentage of customers curtailed as requested? What percentage of customers failed to curtail as requested? Were these customers charged failure to curtail or other penalties, and, if so, how much penalty revenue was collected in this time period? What percentage of its curtailable customers is each utility able to effectively monitor remotely in as close to real time as possible?
2. A report on the root causes for customers failing to curtail for those customers who failed to curtail as requested.
3. Details of how the Commission could help convey messages to the public during such an event.
4. An account of lessons learned and steps to be taken to help prepare for the next severe weather event. Example: Was there anything learned about the functioning of Excess Flow Valves and Regulators that can be used to prevent natural gas outages in the future?
5. Any other information that would be helpful to the Commission's understanding of these issues.

MERC submits these Comments in accordance with the Commission's Notice.

### **1. Report on curtailment activity during this period**

During the severe weather event from January – February 2019, MERC contacted 75 interruptible customers in five communities to curtail their natural gas usage. Of those 75 customers, 34, or 45%, did not fully comply with the curtailment request. All 34 customers were subject to curtailment penalties and were charged total curtailment penalties of \$192,914.50. With the installation of telemetry at each of MERC's interruptible customer meters, MERC is able to pull hourly read data each day for the previous day to accurately determine compliance with curtailment orders and to assess curtailment penalties in accordance with the Company's approved tariffs.

### **2. Report on root causes for customers failing to curtail**

Reasons for customers failing to fully curtail per MERC's request can be summarized into five categories:

1. There was a lag between when the curtailment was announced, and when customers were able to reduce their usage.
2. Customers had issues with their backup systems.
3. Customers had daily firm capacity ("DFC"), but did not reduce their usage to the nominated firm level.
4. New ownership and/or management were not familiar with the requirements or customer did not provide MERC updated contact information.
5. Customers without DFC or backup systems who only partially curtailed, if at all, to a level that would not freeze their facilities.

Customers were notified up to 1.5 hours prior to the curtailment event taking place via voice message and email assuming the correct contact information was relayed to MERC. Usage was reviewed beginning on the second hour after a curtailment was implemented for penalty purposes. That is to say, if a curtailment was called and to be implemented at 9:30 a.m., the calculation of any potential penalties would begin with the 11:00 a.m. telemetry read that contained usage information from 10:00 a.m. – 11:00 a.m. When the curtailment ended, any calculation of penalties ended with that hour so if a curtailment was ended at 8:06 a.m., the last telemetry read used in penalty calculations was 8:00 a.m., which included usage from 7:00 a.m. – 8:00 a.m.

Discussions with customers continued during and after the curtailment period to understand customer specific circumstances of why they were unwilling/unable to curtail. Customers with improper communication contacts have been updated, and discussions with customers who either experienced backup system issues, or could not fully curtail to avoid freezing their facilities are ongoing to potentially add firm nominations to their service if the MERC distribution system can support such service.

### **3. How the Commission could help convey messages to the public during such an event**

While MERC appreciates the willingness of the Commission to assist in notifying and informing the public during such severe weather events, MERC believes that under most circumstances, its targeted, customer-specific communications will be the most effective at accomplishing usage reductions to ensure adequate and reliable firm natural gas service during such events.

Because curtailments are most often geographically limited based on system pressure and other considerations, customer-specific, targeted communications directly through MERC's communication channels are likely to be the most effective. For example, while MERC serves almost 200 communities, in this particular cold weather event, only interruptible customers in five of those communities needed to be called upon to curtail their natural gas usage. During this cold weather event, MERC's notification system generally worked well in notifying affected customers. Updates to customer contacts, the assessment of unauthorized gas usage penalties, and additional customer discussions following the cold weather event will also result in future improvements.

Certainly, MERC wants customers to be aware of system reliability issues in times it is of concern, but, in general, blanket press releases to the public may do more harm than good and could result in customer confusion. In the event a community-specific or system-wide outage was threatened or occurred, MERC has emergency procedures in place to work with local officials to restore service in a safe and expeditious manner.

#### **4. Lessons learned and steps to be taken to help prepare for the next severe weather event.**

As a result of lessons learned from this cold weather event, MERC has identified the following steps to help prepare for the next severe weather event:

1. When severe cold weather is forecasted, MERC intends to establish a meeting schedule with key employees from operations, engineering, and gas supply to provide updates and to regularly monitor and respond to any service-related issues. In the latest severe cold weather event, MERC began a meeting schedule after the event had begun. MERC believes being proactive will allow MERC personnel to be better prepared for the pending conditions, and allow for more detailed communication with MERC's customers.
2. Continue to utilize advanced ad hoc messages to communicate with customers, checking in with customers to ensure they are prepared for both the cold weather and potential curtailment, and that they have properly working back-up systems in the event a curtailment is called. This additional line of communication will not only assist customers in being prepared for pending severe weather, but can also give MERC insight to areas or specific customers where curtailments may be an issue.
3. Expand current pressure check points to include new areas, developments, and recently replaced piping. Some areas of MERC's system where pressure had historically been an issue have been resolved through upgrades; but as load increases/changes new potential problem areas may be created.
4. Continue training, specifically of new employees and leadership, and continue to develop a more thorough understanding of pressure monitoring.

**5. Other information that would be helpful to the Commission's understanding of these issues**

In addition to the lessons learned mentioned above, MERC will also investigate other opportunities that may exist to better prepare before severe weather events and to ensure continuous and reliable service during such events. These opportunities include:

1. With the implementation of Automatic Metering Infrastructure ("AMI"), MERC will evaluate what usage data would be available in the future during a curtailment, and how we can use that data to better understand customers that did or did not curtail. If AMI has the ability to more readily identify customers via real time that were unable/unwilling to curtail, that information may be useful to MERC to continue outreach to those customers to help understand the challenges they are facing as well as give MERC Operations a better understanding of areas that may need continued monitoring due to customers not fully complying with MERC's curtailment request.
2. Additionally, MERC needs to further investigate the Excess Flow Valve ("EFV") trips that occurred during the cold weather event. It is important that MERC understands why these trips occurred, and if they were related to the EFVs themselves, or associated equipment, either inside or outside of the customers' premise. These considerations have an impact on the effectiveness of EFVs. Gaining knowledge and understanding of the EFV trips could either assist MERC in their installation procedures to limit these instances in the future or give MERC valuable knowledge of where instances like this may occur in the future to be better prepared to react during a severe weather event.

Please contact me at (920) 433-2926 if you have any questions regarding the information in this filing. Thank you for your attention to this matter.

Sincerely,

/s/ Seth DeMerritt

Seth DeMerritt  
Senior Project Specialist  
Minnesota Energy Resources Corporation

cc: Service List

In the Matter of a Commission Inquiry into  
the Impact of Severe Weather in January  
and February 2019 on Utility Operations  
and Service

Docket No. E,G-999/CI-19-160

CERTIFICATE OF SERVICE

I, Kristin M. Stastny, hereby certify that on the 12th day of April, 2019, on behalf of Minnesota Energy Resources Corporation (MERC), I electronically filed a true and correct copy of the enclosed Comments on [www.edockets.state.mn.us](http://www.edockets.state.mn.us). Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

Dated this 12th day of April, 2019.

/s/ Kristin M. Stastny  
Kristin M. Stastny

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