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June 28, 2019

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

RE: Commission Inquiry into the Impact of Severe Weather in January  
and February 2019 – Reply Comments

Docket No. E,G999/CI-19-160

Dear Mr. Wolf:

Great Plains Natural Gas Co. (Great Plains), a Division of Montana-Dakota Utilities Co., herewith electronically files its Reply Comments in response to the Minnesota Department of Commerce's (Department) May 20, 2019 Comments filed in the above referenced docket.

On May 24, 2019, Great Plains requested an extension of time until June 28, 2019 to submit the Company's Reply Comments. The Minnesota Public Utilities Commission issued a Notice of Extended Reply Comment Period to June 28, 2019 on May 24, 2019.

Great Plains provides the following information in response to the Department's recommendations outlined on pages 22 and 23 of the Department's comments applicable to Great Plains. The information is provided immediately following each of the Department's recommendations/requests for information.

**Daily Firm Usage Estimates**

*The Department requests that Great Plains provide daily firm estimates in its Reply Comments.*

The following table includes the estimated daily firm sales and total sales for Great Plains' total system for January 29, 2019 through January 31, 2019 by weather station.

	Sum of Firm	Sum of Sales
<b>1/29/2019</b>	<b>30,320</b>	<b>36,410</b>
Crookston	2,933	3,846
Fergus Falls	11,026	14,504
Marshall	16,361	18,060
<b>1/30/2019</b>	<b>29,750</b>	<b>35,755</b>
Crookston	2,880	3,775
Fergus Falls	10,696	14,119
Marshall	16,174	17,861
<b>1/31/2019</b>	<b>22,565</b>	<b>28,613</b>
Crookston	2,289	3,000
Fergus Falls	8,412	12,370
Marshall	11,864	13,243
<b>Grand Total</b>	<b>82,635</b>	<b>100,778</b>

#### **Avoided Costs and Tariff Language Recommendations for Gas Utilities**

- *A detailed discussion of whether avoided costs are included in the utility's determination of interruptible rates.*

The derivation of Great Plains' interruptible rates, for service on the distribution system, stems from the class cost of service study where the cost to serve a particular class of customers is determined. The primary differential in the allocation of distribution costs to an interruptible service class is that the allocation of the demand component of distribution mains is assigned based on a 100% load factor basis rather than peak day usage. This assignment recognizes the use of the distribution mains for providing service while recognizing the interruptible service customer is available for interruption. The specific value attributable to the difference between firm and interruptible service is not identifiable because of the rate design process where rates are based on an allocation of revenues that are not strictly based on a cost study.

- *A detailed discussion of how the utility determines avoided costs for interruptible customers, on both a distribution and commodity basis, and the amount of avoided costs included in the utility's distribution and PGA rates.*

Please see the above response regarding distribution costs. With regard to upstream pipeline costs, Great Plains does not contract for pipeline capacity for interruptible customers. However, to recognize interruptible sales customers do utilize the upstream capacity when available, interruptible

sales customers are assigned a demand cost based on a 100 percent load factor allocation of capacity costs that are credited to firm customers through the PGA process. As of June 1, 2019, firm customers paid a cost of \$1.3282 per dk for demand costs with the amount assigned to interruptible customers at \$0.3428 per dk.

- *Proposed tariff language intended to reduce unauthorized use, and*
- *Proposed tariff language that addresses the requirements for interruptible service.*

Great Plains does not find that tariff changes are warranted at this time to address unauthorized use by interruptible customers or the requirements for interruptible service. As further explained below, the Company's current tariff effectively provides direction concerning both unauthorized use by an interruptible customer and the customer requirements for service under the Company's interruptible service rates as explained below. The limited amount of non-compliance on Great Plains' system further supports that tariff changes are not needed at this time.

The availability provision of the Company's current interruptible service tariffs prescribe that service is available on an interruptible basis (1) to any interruptible service customer where an interruption of service is defined in the Company's General Terms and Conditions Rate 100 tariff as "a cessation of transportation or retail natural gas service deemed necessary by Company" and (2) where the customer has satisfied the Company of the customer's ability and willingness to discontinue the use of gas during period of curtailment or interruption, by the use of standby facilities, or suffer plant shutdown.

Great Plains' interruptible service tariffs also outline, within the Conditions of Service provision (1) the priority of service and (2) the penalty for failure to curtail or interrupt. Within the priority of service provision, interruptible customers are informed that their deliveries are subject, at all times, to the prior demands of customers served under firm gas service rates. Customers are also informed that the Company, without prior notice, shall have the right to curtail or interrupt such interruptible service as may be necessary to protect the interest of customers whose capacity requirements are otherwise given preference. The priority of services is also further outlined within the Company's General Terms and Conditions Rate 100 tariff noting priority 1 service as firm sales service up to priority 4 as large interruptible transportation service.

In addition, the interruptible sales service agreement entered into with a customer includes a provision that such interruptible service is dependent upon the availability of capacity on the Company's system and prior demands of customers served under the Company's firm gas rates and that the interruptible customer agrees to accept service in accordance with the Company's rate schedules.

Within the penalty for failure to curtail or interrupt service provision, interruptible customers are informed of the resulting financial impact of their failure to curtail or interrupt. Per the tariff provision, a customer is billed for any gas taken at the Company's Firm General Gas Rate 70 charges plus any charges Great Plains must pay the interconnecting pipeline(s) or \$50.00 per Dk of gas used in excess of the volume of gas to which the customer was requested to curtail or interrupt, whichever is greater.

The customer is also again informed that the Company may shut off a customer's gas supply in the event of a customer's failure to curtail or interrupt when requested to do so by the Company.

In addition, and as discussed further in the Company's response to the Department's communication recommendations for all utilities below, Great Plains annually corresponds with all its interruptible service customers prior to the start of each heating season. As part of this annual correspondence, Great Plains reminds its interruptible service customers that their service is subject to interruption, the customer's need for an alternate fuel source and properly working equipment and the financial penalty for failure to curtail or interrupt. The customer is also reminded that any equipment which cannot be shut down or converted to an alternate fuel source should be served under a firm or non-interruptible gas tariff.

- *Proposed tariff language stating that it is the responsibility of the utility to update interruptible customer contact information on a regular basis.*

Great Plains does not support a tariff change denoting it is the responsibility of the utility to update customer contact information as such a tariff provision errs on the side that the responsibility lies solely with the utility for such information when the responsibility ultimately lies with both the utility and interruptible service customer.

As previously noted in these Reply Comments, Great Plains annually corresponds with all its interruptible service customers prior to the start of each heating season. As part of this annual correspondence, customers must complete and return a form providing the Company with at least four contact names, including work phone, cell phone, email address and order of calling preference. If no response to the customer mailing is received from the customer, a Great Plains' representative will call the customer to ensure the Company has the correct interruption contact information for the customer. This annual communication between the Company and its interruptible customers demonstrates a joint responsibility regarding the interruption of service through (1) ensuring the Company has the most recent contact information in the event of an interruption and (2) an annual reminder to the customer of its interruptible service requirements.



- *A discussion of any other area of the tariff that needs to be updated and proposed tariff language that addresses these other areas.*

After a review of its tariff, no tariff changes were identified that should be updated to address concerns related to the January and February 2019 weather event.

#### **Other Recommendations for All Utilities**

- *A discussion of whether interstate pipeline issues impacted operations during the cold weather event and what, if any, impact this had on rates or reliability.*

Great Plains has not been made aware of any interstate pipeline issues during the cold weather event. If there were any issues, it did not affect the reliability of Great Plains' distribution system or deliverability of gas to its customers.

- *A detailed discussion of their current communications with interruptible customers regarding curtailments, including frequency and content, and proposed language memorializing communication best practices.*

Great Plains currently utilizes three methods of communication to interruptible customers regarding curtailments: (1) annual letters, (2) an automated telecommunication system with an integrated web application, and (3) direct calls to customers by Great Plains' representatives.

The first method is an annual letter to all interruptible service customers, attached hereto as Exhibit 1. Letters are sent to interruptible service customers just prior to the start of the heating season and include (1) recognition of the customer's facility as being on an interruptible service rate, (2) a reminder that the customer must be prepared for curtailments of service, (3) resulting charges for failure to comply with curtailment events, (4) a request for updated contact information, and (5) any special instructions a particular customer may require.

The second method is Great Plains' automated telecommunication system and integrated web application. If the Company's Gas Supply Department initiates a curtailment event due to insufficient transportation service availability, impacted customers will receive an automated telephone message stating that a curtailment event is in place. Contacted customers may acknowledge a curtailment event by either (1) following the touch-tone keypad instructions or (2) logging into the Great Plains' web application. When logging into the web application, a customer will find additional details on the curtailment including date and time and available quantities.

The web application includes a visual representation monitoring customer acknowledgement of each event. The individual user, the date and time and the method of acknowledgement is recorded for future reference.

If a customer fails to acknowledge the event in a timely manner, a Great Plains representative will make personal contact with all customers failing to acknowledge the curtailment event. The option of personal communication between customers and a Great Plains' representative continues to be available both during and out of curtailment events.

The third method of communication occurs when distribution-level curtailments are required. In such cases, a Great Plains' representative will contact any and all customers whose curtailment is required to support system security. Personal contact is maintained in these situations due to unique curtailment instructions that may be required such as available consumption and start/stop time

- *A discussion of the instances when public communication from the Commission is appropriate during a severe weather event, or operational issue, and how these communications should be made.*

Great Plains agrees with the Department that communication between utilities and the Commission is important during a weather related or operational event and will inform the Commission should such an event arise in its service territory. At this time, the Company does not have any specific recommendations regarding the means or types of public communication from the Commission during these types of events.

Great Plains appreciates the Departments' concerns that if utilities do not enforce their tariffs and interruptible customers continue to consume gas, firm customer reliability may be at risk. Great Plains is committed to providing safe and reliable gas service to all of its customers in accordance with the Company's tariffs which provides for the interruption of service if deemed necessary. There was no loss of service to the Company's firm service customers during this most recent weather event and the customers requested to curtail service did curtail the use of natural gas service.

If you have any questions regarding the comments submitted in reply to the Commission's inquiry, please contact me at (701) 222-7856 or Brian Meloy at (612) 335-1451.

Sincerely,

/s/ *Tamie A. Aberle*

Tamie A. Aberle  
Director of Regulatory Affairs

CC: Brian Meloy



705 West Fir Ave.  
PO Box 176  
Fergus Falls, MN 56538-0176  
1-877-267-4764

September 1, 2018

Dear Interruptible Customer:

As a valued customer of Great Plains Natural Gas Co. (Great Plains), we would like to remind you that winter is quickly approaching and since your facility is on an interruptible service rate, you should prepare your facility for a potential interruption of natural gas service. If an interruption occurs or the quantity of gas supplied by your shipper is curtailed, you will be required to convert to your alternate fuel.

We will provide advance notice when possible; however, you need to be prepared to switch fuels immediately upon notification. If an alternate fuel source is required to either continue operation or protect property, now is the time to restore your supply and test standby equipment for proper operating condition. Any gas-fired equipment in use, which can't be shut down or converted to an alternate fuel, should receive firm, non-interruptible gas supply. The penalty for failure to curtail or interrupt natural gas use when requested to do so by Great Plains is significant. The **minimum charge** for unauthorized usage of natural gas during a curtailment is **(\$50) Fifty Dollars per dekatherm** in addition to the gas usage billed at the Firm General Service rate.

Great Plains Natural Gas has **RECENTLY IMPLEMENTED AN AUTOMATED CALL PROCESS TO NOTIFY CUSTOMERS OF AN INTERRUPTION. YOU WILL NOW RECEIVE AN AUTOMATED CALL NOTIFYING YOU OF THE DETAILS OF INTERRUPTION. PLEASE LISTEN CLOSELY TO THE DETAILS IN THE CALL AND FOLLOW ANY PROMPTS.** The attached form is to list the names, telephone numbers, **AND EMAIL ADDRESSES** of people in your operation to be contacted during curtailment or emergency periods. **BECAUSE OF THE NEW AUTOMATED CALL PROCESS, GREAT PLAINS IS NOW REQUIRING EMAIL ADDRESSES FOR ALL THE INTERRUPTIBLE CONTACTS. YOU WILL RECEIVE AN EMAIL ASKING YOU SIGN UP FOR GREAT PLAINS' CURTAILMENT WEBSITE. YOU ARE NOT REQUIRED TO SIGN UP FOR THE WEBSITE, BUT IT IS AVAILABLE FOR YOUR INFORMATION IF YOU LIKE. IF YOU HAVE ANY QUESTIONS ABOUT THIS WEBSITE, PLEASE FEEL FREE TO CONTACT ME.**

Please complete, sign, and date the form, listing **at least three (3) contact names** in order of calling preference, and **return** it to my attention in the self-addressed stamped envelope **by September 17, 2018.**

Thank you for your assistance! With your help we can make the interruption process more efficient. Great Plains looks forward to providing you with natural gas service. Please contact me at 218-739-6605 if you have any questions regarding this letter or services that Great Plains provides your facility.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeremy Fischer", is written over a horizontal line.

Jeremy Fischer, C.E.M.  
Manager, Energy Services

Enclosure: 2018-2019 Interruption Call List

**GREAT PLAINS NATURAL GAS CO.**  
**2017-2018 CUSTOMER INTERRUPTION CALL LIST**

**CUSTOMER:**

**ACCOUNT NUMBER:**

**ADDRESS:**

CONTACT	WORK PHONE	CELL PHONE	EMAIL
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\*Please print or type

1.				
2.				
3.				
4.				

*Note: Please complete the interruption call list and place names in order of desired calling preference.  
(1. – first called, 2. – second called (if first can't be reached), etc.)*

Please circle your alternate fuel:      Oil      Propane      Electricity      Other

Number of days fuel on hand: \_\_\_\_\_

Jeremy Fischer, C.E.M.  
Manager, Energy Services  
Great Plains Natural Gas Co.  
705 West Fir Ave  
Fergus Falls, Mn.  
Phone: 218-739-6605; Fax: 218-739-6636; Mobile: 218-770-5322  
E-Mail:jeremy.fischer@mdu.com

Information provided by: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_