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July 3, 2019

**VIA ELECTRONIC FILING**

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

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,G999/CI-19-160

Dear Mr. Wolf:

Attached hereto, please find Greater Minnesota Gas, Inc.'s Reply Comments for filing in the above-referenced docket.

All individuals identified on the attached service list have been electronically served with the same.

Thank you for your assistance. Please do not hesitate to contact me should you have any questions or concerns or if you require additional information. My direct dial number is (507) 665-8657 and my email address is [kanderson@greatermngas.com](mailto:kanderson@greatermngas.com).

Sincerely,

GREATER MINNESOTA GAS, INC.

/s/  
Kristine A. Anderson  
Corporate Attorney

Enclosure

cc: Service List

# **CERTIFICATE OF SERVICE**

I, Kristine Anderson, hereby certify that I have this day served a true and correct copy of the following document to all persons at the addresses indicated on the attached list by electronic filing, electronic mail, or by depositing the same enveloped with postage paid in the United States Mail at Le Sueur, Minnesota:

**Comments of Greater Minnesota Gas, Inc.  
E,G999/CI-19-160**

filed this 3<sup>rd</sup> day of July, 2019.

/s/ Kristine A. Anderson  
Kristine A. Anderson, Esq.  
Corporate Attorney  
Greater Minnesota Gas, Inc.

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**STATE OF MINNESOTA**  
**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

Katie Sieben  
Dan Lipschultz  
Valerie Means  
Matt Schuerger  
John Tuma

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

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

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

**REPLY COMMENTS OF  
GREATER MINNESOTA GAS, INC.**

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**OVERVIEW**

The Minnesota Public Utilities Commission (“Commission”) initiated an inquiry in the above-referenced docket to better understand the impact that the cold weather event in January and February, 2019 had on utility operations and lessons learned that can be used to enhance system reliability and safety in the future. The companies, the Minnesota Department of Commerce, and the Office of the Attorney General, Residential Utilities and Antritrust Division submitted comments at various times. Greater Minnesota Gas, Inc. (“GMG”) submits these Reply Comments in response to the Extended Comment Period and the various comments.

**ISSUE SUMMARY**

GMG provides discussion in the following areas:

- Whether avoided costs are included in the utility’s determination of interruptible rates, avoided cost determination for interruptible customers, and the amount of avoided costs included in the utility’s distribution and PGA rates
- Whether additional tariff language regarding interruptible customers and curtailment is necessary; and, if so, what it should be.
- How GMG communicates with interruptible customers regarding curtailment and what best practices are for communication.
- Whether interstate pipeline issues impacted operations during the cold weather event and what, if any, impact this had on rates or reliability
- Whether public communication from the Commission is appropriate during a severe weather event, or operational issue, and how these communications should be made.

## **DISCUSSION**

The cold weather event in January and February, 2019 presented Minnesota's energy utilities with very challenging conditions unseen in decades. GMG's portfolio, supplemental staffing, and general resource allocation ensured that its customers did not experience energy problems during the extreme cold. Its interruptible customers curtailed their use in response to GMG's curtailment notice and GMG did not see unauthorized use, which is generally consistent with GMG's history in that regard.

### **1. GMG's Interruptible Rates Primarily Differ from Firm Rates in Treatment of the Demand Component.**

The Department's Comments identified an interest in whether the utilities' determination of interruptible rates included avoided costs; and, if so, how avoided costs for interruptible customers are determined and the amounts included in the utilities' distribution and PGA rates. As expressly detailed in GMG's tariff, its interruptible rates are determined with consideration of factors related to the base cost of gas and the purchased gas adjustment factor. The primary differences between the rates of firm and interruptible classes lie in a lower cost of gas and the demand component. GMG's rates are based on an overall rate design process and GMG's rates resulted from a black box settlement, hence the specific components of the rates directly related to avoided costs are not readily identifiable. GMG's interruptible rates are not directly based on avoided costs but, rather, consider many factors including embedded service costs, firm rates, market considerations, etc. GMG does not contract for firm capacity for interruptible customers. Similar to other utilities, GMG's natural gas commodity rates for interruptible service are set based on the monthly average forecasted commodity cost forecasted as contained in GMG's PGA filings and any trueup from the prior year's natural gas commodity costs.

### **2. Tariff Revisions Regarding Interruptible Service and Curtailment are Unnecessary at This Time.**

GMG understands that there is generally concern regarding unauthorized use of gas by interruptible customers during a curtailment period; however, GMG agrees with other utilities that global tariff changes are not warranted at this time to address the issue. GMG's current tariff provides direction regarding interruptible customer qualification, use requirements, priority of service categories, and penalties for failing to curtail when called to do so. The fact that GMG does not experience problems with unauthorized use provides empirical evidence that tariff changes are not necessary for it at this time. Similarly, GMG does not believe that it is necessary to incorporate tariff language regarding updating interruptible customer contact information that place the onus for the same entirely on the utility. As discussed below, GMG regularly communicates with its interruptible customers and that relationship development naturally allows for updating contact information. It is a shared responsibility between GMG and the customers; and, placing the onus exclusively on the utility via the tariff is not necessary or appropriate. Since the current scheme functions well, GMG sees no need to incorporate tariff changes related to its interruptible customer provisions that would be designed to fix problems that don't exist for it. GMG supports retaining its current tariff language regarding interruptible customers. Of



course, if the Commission ultimately requires utilities to make global tariff changes, GMG will incorporate them at the Commission's direction.

**3. GMG Communicates Directly With Its Interruptible Customers Regarding Curtailment and Other Matters.**

The Department wondered about how utilities communicate with interruptible customers regarding curtailment and their responsibilities as interruptible customers. GMG communicates directly with its interruptible customers directly, by phone and/or in-person, regarding curtailment needs. GMG notifies customers of possible curtailment as soon as possible so that the customers can plan and follows up with them regarding actual curtailment times and commitment. GMG watches the customer's use to ensure curtailment so that it could address unauthorized use if any occurred. GMG regularly communicates with interruptible customers for a variety of reasons, including to confirm that they have an alternate heating source available and that customers understand the penalties for failing to curtail. Since GMG's universe of interruptible customers is limited, and since GMG develops ongoing personal relationships with those customers, GMG is frequently able to communicate with the customers which ensures that contact information is current and that both GMG and the customers are prepared for curtailment. Additionally, most of GMG's interruptible customers concentrate natural gas usage outside of the heating season. GMG believes that its personal communication with its customers reflects best practices to communicate with its interruptible customers; and, since GMG is in a unique position from the other utilities with regard to those customers, it would not presume to know what best practices might look like for larger utilities with many interruptible customers; so, it will refrain from speculating in that regard.

**4. GMG Did Not Experience Operational Issues as the Result of Interstate Pipeline Issues During the Cold Weather Event.**

GMG was not notified of any interstate pipeline issues that would have affected it during the cold weather event; and, similarly, GMG did not experience any operational issues during the extreme weather that were the result of interstate pipeline issues. Hence, there was no impact of the same of GMG's rates and reliability.

**5. GMG Echoes the Previous Discussion of Utilities Regarding Commission-Driven Public Communication During Severe Weather Events.**

GMG understands and appreciates the Commission's interest in whether it could help convey messages to the public during an extreme weather event. GMG agrees that it is important for GMG to communicate with the Commission regarding its situation so that the Commission is prepared to address questions that it may receive. However, as many utilities, including GMG, indicated in their comments, each utility is uniquely positioned to know what is happening on its system and what any likely impacts will be to their particular customers during an extreme weather event. Since different messages may – and most likely will – be appropriate for different sets of customers, each utility should handle affirmative notifications to its own customers. General messaging from the Commission could be confusing to the public,

particularly when it might appear to be of an official nature, because it may not be universally applicable. It would be almost impossible for the Commission to craft a message that would be appropriately tailored to all utility customers. Since the communication process with customers generally worked fine during the recent extreme weather conditions, GMG supports leaving the process of customer communication up to the individual utilities.

### **CONCLUSION**

GMG appreciates the concerns expressed by the Department and the OAG regarding the risk to firm customer reliability when interruptible customers fail to curtail gas use as directed. GMG believes that its tariff and its operational policies sufficiently allow it to effectively curtail its interruptible customers and enforce its tariff provisions; and, the fact that GMG did not experience issues with unauthorized use supports that conclusion. Hence, GMG believes that no changes are necessary to its tariff or operational practices with regard to interruptible customers.

Dated: July 3, 2019

Respectfully submitted,

/s/

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