

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

Katie Sieben  
Dan Lipschultz  
Valerie Means  
Matthew Schuerger  
John Tuma

Chair  
Vice Chair  
Commissioner  
Commissioner  
Commissioner

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 THE OFFICE OF  
THE ATTORNEY GENERAL**

**I. INTRODUCTION**

The Office of the Attorney General—Residential Utilities and Antitrust Division (“OAG”) submits the following Comments in response to the Notice of Comment Period issued by the Public Utilities Commission (“Commission”) on April 18, 2019 in the above-entitled matter. The purpose of these Comments is to express concern about the failure of some interruptible natural gas customers to properly curtail their service during a severe cold weather event, ask the affected natural gas utilities to provide additional information about the remedies for those curtailment failures to the Commission, and demonstrate that the Commission should consider taking additional action during future rate cases to protect ratepayers from potentially losing service during similar weather events going forward.

**II. BACKGROUND**

After a severe cold weather event between January 28 and February 1, 2019, the Commission issued a Notice of Comment Period on March 18, 2019. This Notice asked for, among other things, natural gas utility companies to provide information about customers that failed to curtail when requested to do so and the causes for those failures to curtail. Many utilities filed comments between March 25 and April 16, 2019, including Northern States Power

Company (“Xcel”), CenterPoint Energy Resources Corp. (“CenterPoint”), and Minnesota Energy Resources Corporation (“MERC”) (collectively “the Companies”). On April 18, 2019, the Commission issued another Notice of Comment Period. The Comments are filed in response to the April 18, 2019 Notice, and specifically address the earlier comments of the Companies.

### III. ANALYSIS

During the severe cold weather event, approximately 180 Xcel customers in Princeton and Hugo suffered from natural gas outages during one of the coldest days in Minnesota history.<sup>1</sup> While some of these customers needed to relocate from their homes to temporary lodging, a troubling trend emerged: interruptible customers on Xcel’s system failed to curtail when asked to do so.<sup>2</sup> A review of the comments filed by MERC and CenterPoint in this proceeding showed that many interruptible customers for those utilities also failed to curtail their service.<sup>3</sup> Interruptible customers are customers that, in Xcel’s words, “pay significantly less per therm on their gas distribution rates year round.”<sup>4</sup> In exchange for this benefit (a benefit that is funded by firm service customers paying higher rates), these customers agree to curtail their gas usage “as necessary to maintain system reliability for the firm service customers” who do not enjoy the same discounted rate that interruptible customers do.<sup>5</sup> This is why it is concerning that, at the time interruptible customers were called upon to hold up their end of this bargain, so many customers across three natural gas utility companies failed to do so.<sup>6</sup>

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<sup>1</sup> Xcel Comments at 4.

<sup>2</sup> Xcel Comments at 10.

<sup>3</sup> MERC Comments at 2; CenterPoint Comments at 2.

<sup>4</sup> Xcel Comments at 10.

<sup>5</sup> *In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota*, MPUC Docket No. G-011/GR-17-563, FINDINGS OF FACT, CONCLUSIONS, AND ORDER at 39 (Dec. 26, 2018).

<sup>6</sup> The OAG is not offering any opinion as to whether or not the failures to curtail in this proceeding were a cause of the system failures during the cold weather event.

The proportion of interruptible customers that failed to curtail was staggering. Xcel saw 39 percent of its interruptible customers that were called upon to curtail fail to adequately do so.<sup>7</sup> Thirty-eight percent of CenterPoint's curtailed customers failed to comply with full curtailment,<sup>8</sup> and 45 percent of MERC's curtailed customers failed to fully comply.<sup>9</sup> The fact that, across three different utility companies, approximately two out of every five customers that were supposed to curtail did not fully comply with their interruptible service agreements shows that this is not an isolated problem with a few customers. There appears to be a systematic problem with interruptible customers being either unwilling or unable to fulfill their obligations. To remedy this, the Commission should, in this proceeding, order the Companies to document their efforts to ensure this does not happen in the future and to report on any future non-compliance by these customers. Furthermore, the Commission should consider this non-compliance when making revenue apportionment decisions regarding interruptible customers in future rate proceedings.

The reasons given for interruptible customers' failures to comply with their curtailments are numerous and varied. They include equipment failures, communication failures, problems with backup fuel, customer staffing issues, curtailments to customers' backup fuels, and new ownership not being familiar with curtailment requirements.<sup>10</sup> CenterPoint and MERC both identified possible remedies for these issues.<sup>11</sup> The Commission should order all three of the Companies to make compliance filings once they have implemented their remediation efforts. These compliance filings should verify that all of the customers that failed to comply with their

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<sup>7</sup> Xcel Comments at 11.

<sup>8</sup> CenterPoint Comments at 2.

<sup>9</sup> MERC Comments at 2.

<sup>10</sup> Xcel Comments at 11-12; CenterPoint Comments at 3; MERC Comments at 2.

<sup>11</sup> CenterPoint Comments at 3; MERC Comments at 2.

curtailments have taken whatever steps are necessary to make certain that they will be able to fully comply in the future. Furthermore, the Commission should order the Companies to report to the Commission if any of the same customers that failed to fully comply with their curtailment ever fail to comply with a future curtailment. These reports should either certify that the Companies have removed the offending customer from interruptible service or justify the decision not to do so.

In the long run, the Commission should consider the lack of compliance by approximately forty percent of the customers that were supposed to curtail when making future decisions about interruptible classes. Simply put, if interruptible customers do not interrupt, then they are not living up to their end of the bargain. In light of this, the Commission should consider giving interruptible customers less of a break on their rates relative to the firm service classes in future rate cases. While there are financial penalties in place for interruptible customers to incent compliance with their curtailments, these penalties are clearly inadequate. If forty percent of curtailed customers are willing to incur the penalty rather than comply with their curtailment, then the penalties are not sufficiently incommodious for those customers. Accordingly, in future rate proceedings, the Commission should consider ordering the Companies to increase the financial penalties for interruptible customers who shirk their curtailment responsibilities.

#### **IV. CONCLUSION**

A disturbingly large portion of interruptible customers failed to curtail their service when ordered to do so. This could cause problems in future severe cold weather events when the natural gas system is most vulnerable. The Commission should order the Companies to provide the information requested in these Comments to verify that steps have been taken to prevent this

from happening again. Furthermore, the Commission should keep this proceeding in mind when considering the appropriate rates and penalties for interruptible customers in the future.

Dated: May 20, 2019

Respectfully submitted,

KEITH ELLISON  
Attorney General  
State of Minnesota

**s/ Joseph C. Meyer**

JOSEPH C. MEYER  
Assistant Attorney General  
Atty. Reg. No. 0396814

445 Minnesota Street, Suite 1400  
St. Paul, Minnesota 55101-2131  
(651) 757-1433 (Voice)  
(651) 296-9663 (Fax)  
joseph.meyer@ag.state.mn.us

ATTORNEYS FOR OFFICE OF THE  
ATTORNEY GENERAL – RESIDENTIAL  
UTILITIES AND ANTITRUST DIVISION



KEITH ELLISON  
ATTORNEY GENERAL

# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

SUITE 1400  
445 MINNESOTA STREET  
ST. PAUL, MN 55101-2131  
TELEPHONE: (651) 296-7575

May 20, 2019

Mr. Daniel Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 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,G-999/CI-19-160**

Dear Mr. Wolf:

Enclosed and e-filed in the above-referenced matter please find Comments of the Minnesota Office of the Attorney General–Residential Utilities and Antitrust Division.

By copy of this letter all parties have been served. An Affidavit of Service is also enclosed.

Sincerely,

s/ **Joseph C. Meyer**

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JOSEPH C. MEYER

Assistant Attorney General

(651) 757-1433 (Voice)

(651) 296-9663 (Fax)

joseph.meyer@ag.state.mn.us

Enclosures

# AFFIDAVIT OF SERVICE

**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**

[illegible]

DEANNA DONNELLY hereby states that on the 20th day of May, 2019, I e-filed with eDockets ***Comments of the Minnesota Office of the Attorney General—Residential Utilities and Antitrust Division***, and served the same upon all parties listed on the attached service list by e-mail, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

s/ Deanna Donnelly  
DEANNA DONNELLY

Subscribed and sworn to before me  
this 20th day of May, 2019.

***s/ Patricia Jotblad***  
Notary Public  
My Commission expires: January 31, 2020.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Tamie A.	Aberle	tamie.aberle@mdu.com	Great Plains Natural Gas Co.	400 North Fourth Street  Bismarck, ND 585014092	Electronic Service	No	OFF_SL_19-160_Official
Kristine	Anderson	kanderson@greatermngas.com	Greater Minnesota Gas, Inc.	202 S. Main Street  Le Sueur, MN 56058	Electronic Service	No	OFF_SL_19-160_Official
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd  Eagan, MN 55121	Electronic Service	No	OFF_SL_19-160_Official
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-160_Official
Joe	Brophy	jbrophy@efgroupplc.com	Centra Pipelines Minnesota Inc.	Energy Fundamentals Group LP 2324 Main Street London, ON N6P1A9  CANADA	Electronic Service	No	OFF_SL_19-160_Official
Greg	Chamberlain	greg.chamberlain@xcelenergy.com	Xcel Energy	414 Nicollet Mall  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-160_Official
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_19-160_Official
Seth	DeMerritt	Seth.DeMerritt@wecenergygroup.com	MERC (Holding)	700 North Adams PO Box 19001 Green Bay, WI 543079001	Electronic Service	No	OFF_SL_19-160_Official
Laura	Demman	laura.demman@nngco.com	Northern Natural Gas Company	1111 S. 103rd Street  Omaha, NE 68125	Electronic Service	No	OFF_SL_19-160_Official
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-160_Official



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Linda A.	Farquhar	linda_farquhar@transcanda.com	Great Lakes Gas Transmission Company	700 Louisiana Street, Suite 700  Houston, TX 77002-2700	Electronic Service	No	OFF_SL_19-160_Official
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_19-160_Official
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_19-160_Official
Bryce	Haugen	bhaugen@otpc.com	Otter Tail Power Company	215 S Cascade St P.O. Box 496 Fergus Falls, MN 56538	Electronic Service	No	OFF_SL_19-160_Official
Allen	Krug	allen.krug@xcelenergy.com	Xcel Energy	414 Nicollet Mall-7th fl  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-160_Official
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	OFF_SL_19-160_Official
Amber	Lee	Amber.Lee@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-160_Official
Annie	Levenson Falk	annief@cupminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota Street, Suite W1360  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-160_Official
Michael	Loeffler	mike.loeffler@nngco.com	Northern Natural Gas Co.	CORP HQ, 714 1111 So. 103rd Street Omaha, NE 681241000	Electronic Service	No	OFF_SL_19-160_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7 h St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-160_Official
Mike	McMullen	mmcmullen@misoenergy.org	MISO	2985 Ames Crossing Rd  Eagan, MN 55121	Electronic Service	No	OFF_SL_19-160_Official
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-160_Official
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-160_Official
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-160_Official
Kate	O'Connell	kate.oconnell@state.mn.us	Department of Commerce	Suite 50085 Seventh Place East  St. Paul, MN 551012198	Electronic Service	No	OFF_SL_19-160_Official
Greg	Palmer	gpalmer@greatermngas.com	Greater Minnesota Gas, Inc.	PO Box 68 202 South Main Street Le Sueur, MN 56058	Electronic Service	No	OFF_SL_19-160_Official
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street  Duluth, MN 55802	Electronic Service	No	OFF_SL_19-160_Official
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-160_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kristin	Stastny	kstastny@briggs.com	Briggs and Morgan, P.A.	2200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-160_Official
Joseph K	Sullivan	joseph.k.sullivan@state.mn.us	Department of Commerce	85 7th Place East Ste 500  Saint. Paul, MN 55101-2198	Electronic Service	No	OFF_SL_19-160_Official
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-160_Official
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_19-160_Official
Mary	Wolter	mary.wolter@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St  Milwaukee, WI 53203	Electronic Service	No	OFF_SL_19-160_Official
Aaron W.	Wright	N/A	Viking Gas Transmission Company	ONEOK, Inc. 100 W. Fifth Street, MD 12-2  Tulsa, OK 74103	Paper Service	No	OFF_SL_19-160_Official