

November 20, 2020

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Commerce Department, Division of Energy Resources**
Docket No. G011/M-20-456

Attached are the *Comments* of the Minnesota Commerce Department, Division of Energy Resources (Department) in the following matter:

2019 Annual Service Quality Report (Report) submitted by Minnesota Energy Resources Corporation (MERC or Company).

The *2019 Annual Service Quality Report* was filed on May 1, 2020 by:

Joylyn C. Hoffman Malueg
Project Specialist 3
Minnesota Energy Resources Corporation
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Based on its review of MERC's *2019 Annual Service Quality Report*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **accept** the Company's Report, pending the Company's response in *Reply Comments*, and **deny** MERC's request to discontinue monitoring and reporting Improved Customer Experience project performance metrics and associated \$500,000 annual performance incentive set-aside. The Department will provide its recommendation on whether MERC should be allowed to retain its \$500,000 set-aside after reviewing the Company's Reply Comments.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ ANGLEA BYRNE
Financial Analyst

AB/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Commerce Department Division of Energy Resources

Docket No. G011/M-20-456

I. BACKGROUND

The genesis of Minnesota Energy Resources Corporation's (MERC or Company) *Annual Service Quality Report* comes from the Minnesota Public Utilities Commission's (Commission) March 1, 2004 *Order* in Docket No. G007,011/CI-02-1369 (02-1369 Docket).

In this *Order*, the Commission required Aquila, Inc. (MERC's predecessor) to file quarterly service quality updates in that docket and requested that the Minnesota Commerce Department (Department) file its comments reviewing the Company's service quality reports by February 28th of each year. Aquila/MERC filed quarterly service quality reports in the 02-1369 Docket, and subsequent dockets,¹ through calendar year 2009.

On April 16, 2009, the Commission opened an investigation into natural gas service quality standards in Docket No. G999/CI-09-409 (Docket 09-409). In its August 26, 2010 *Order* (09-409 *Order*) in Docket 09-409, the Commission established uniform reporting requirements that Minnesota regulated natural gas utilities are to follow and a list of information that should be provided by each utility in a miscellaneous tariff filing to be made each May 1st reflecting service quality performance during the prior calendar year. The Commission determined that MERC would file subsequent annual service quality reports in lieu of the former quarterly service quality reports.

The Commission supplemented the reporting requirements set out in its 09-409 *Order* with additional requirements in its March 6, 2012 *Order Accepting Reports and Setting Further Requirements* in Docket No. G007,011/M-10-374, *et. al.* This March 6, 2012 *Order* also directed the Minnesota natural gas utilities to convene a workgroup to improve reporting consistency and address other issues. The workgroup² met on June 22, 2012 and developed more uniform reporting.³ Reporting changes as a result of the workgroup consensus are noted in the analysis below.

¹ Docket Nos. G007,011/M-07-1641 and G007,011/M-09-488.

² Participating in the workgroup were Xcel Energy, CenterPoint Energy, MERC, Great Plains, Interstate Power and Light (which was subsequently sold to MERC), and the Department.

³ See Attachments 1 and 2 in the Department's June 27, 2013 *Comments* in Docket No. G007,011/M-13-355 for the matrix summarizing each utility's reporting content for each metric and a workgroup agenda.

On January 7, 2020, the Commission issued its Order in Docket No. G011/M-19-303 that required the Company to file the following:

- a. The utility's filing under 49 CFR 192.1007 (e) and the baseline information provided on May 1, 2019, an update of: integrity management plan performance measures; monitoring results; and evaluation of effectiveness;
- b. A summary of any 2019 emergency response violations cited by MNOPS [Minnesota Office of Pipeline Safety] along with a description of the violation and remediation in each circumstance;
- c. The number of violation letters received by the utility from MNOPS during the year in question; and
- d. The uniform reporting metrics for installation of excess flow valves and manual service line shut-off valves to be developed as follows: By December 6, 2019, after consultation with the other gas utilities obligated to report [electric flow valve] EFV metrics, MERC shall provide recommendations for uniform reporting of annual and overall EFV manual shutoff valve installation on its distribution system. The recommendation could include:
 - i. A uniform definition of the number of customers suitable for EFV;
 - ii. A uniform definition of the number of customers suitable for manual shut-off valves;
 - iii. A uniform metric to be reported as a percentage of customers with installations of both;
 - iv. Metrics for the number of customers receiving installations upon request prior to a system upgrade that would require the installation of EFVs.

Also on January 7, 2020 the Commission included, in a separate Order in Docket No. G011/M-19-303, a requirement that MERC s leak count by facility type and threat; leak count on main by material, and leak count on service material.

On May 1, 2020, MERC filed its *2019 Annual Service Quality Report* (2019 Report) with all required compliances. The 2019 Report represents the third time MERC has submitted information regarding its performance with respect to the Improved Customer Experience (ICE) Project⁴ and its first time filing information regarding EFVs and TIMP/DIMP.

The Department provides its analysis of the 2019 Report below, including an analysis of the Company's ICE Project performance.

⁴ Docket No. G011/GR-15-736

II. DEPARTMENT ANALYSIS

Each year, the Department analyzes the information provided in the Report in the context of past reports. The Department provides further detail on each reporting metric by discussing each separately below.

A. CALL CENTER RESPONSE TIME

Minnesota Rule, part 7826.1200⁵ requires Minnesota's electric utilities to answer 80 percent of calls made to the business office during regular business hours within 20 seconds. Consistent with this requirement, the Commission required the regulated gas utilities to provide in their annual service quality reports the call center response time in terms of the percentage of calls answered within 20 seconds.

MERC reported the percentage of calls answered within 20 seconds in Attachment 1 of its Report, as required by the *09-409 Order*. As shown in Table 1 below, MERC answered approximately 76.58 percent of calls made to its business center within the required 20 seconds, on average. The monthly percentages ranged from a low of 43 percent in September to a high of 86 percent in May and December.

MERC also provided the monthly average speed of answer. The average speed for 2019 was 21.08 seconds, which is faster than the Company's ten-year average of 22.54 seconds.

Table 1: Call Center Response Time

	12 Mo. Avg. Within 20 Seconds	Avg. Speed (Seconds)	12 Mo. Avg. Number of Calls
2010	81.14%	17.42	23,111
2011	80.02%	18.25	20,668
2012	81.56%	19.42	27,321
2013	81.39%	19.00	33,117
2014	74.88%	33.83	33,165
2015	78.36%	27.42	30,811
2016	80.50%	34.83	21,081
2017	83.67%	14.50	20,404
2018	78.83%	19.67	21,998
2019	76.58%	21.08	23,891

⁵ Titled *Call Center Response Time*.

MERC noted that the increase in answer speed was due to Fall 2019 call volumes being higher than normal, specifically in September and October. The Company stated that it addressed the performance gaps by developing and implementing call center improvement actions for the remainder of the year, resulting in significant reductions in average answer speed.

The Department requests that MERC discuss its call center response time performance gaps in more detail in its Reply Comments. The Company has spent a significant amount of time and financial resources implementing its ICE system in order to improve customer service. Additionally, in its Compliance Filing regarding the Company's ICE platform,⁶ MERC detailed its parent company's current plan to incorporate ICE into what it calls its CS2022 project, which is meant to streamline and add additional functionality. While call center response times are not included in the list of metrics related to the ICE Performance Metrics discussed below, call center improvements were included in the ICE implementation and used as a justification for the project in MERC's original recovery request in MERC's 2015 rate case.⁷

Table 2 below shows the annual weighted average response time for non-emergency calls, based on MERC's annual service quality reports:

Table 2: Annual Weighted Average Response Time

	Response Time (seconds)⁸	Total Calls
2010	17	277,329
2011	18	248,020
2012	20	327,851
2013	19	397,404
2014	36	397,976
2015	28	369,736
2016	38	252,972
2017	15	244,853
2018	20	263,979
2019	22	286,697

MERC has indicated in the past that its performance in 2014-2016 worsened due to specific events and circumstances (i.e., the 2014 polar vortex and ICE implementation) and were not indicative of a particular trend. The Department notes that there was a precipitous improvement in call center response time in 2017 after the ICE implementation. However, 2018 and 2019 have seen incremental decline in response time performance. The Department anticipates that the information requested

⁶ Filed on October 4, 2019 in Docket No. G011/GR-17-563.

⁷ Kage Direct, Docket No. G011/GR-15-736.

⁸ Calculated by multiplying the monthly call volume by the monthly average answer time for each of the 12 months, adding the 12 results together and dividing that sum by the total annual call volume.

above will be useful in building a broader picture to determine if the decline is situational or a trend. In the meantime, the Department will continue to monitor this performance metric in future filings for signs that this decline is a trend in service quality.

The Department acknowledges that MERC has fulfilled the reporting requirements of the 09-409 and 10-374 *Orders*.

B. METER READING PERFORMANCE

In its 09-409 *Order*, the Commission required each utility to report meter reading performance data in the same manner as prescribed in Minnesota Rule 7826.1400. Specific to MERC, the Commission also required that the Company provide meter reading statistics related to farm tap customers. The Company provided, as an attachment to its Report, the meter reading performance data per Minnesota Rules both with and without farm tap data included. Farm tap customers are required to self-read their meters, and to allow MERC to read the meters annually.

Table 3 below summarizes MERC's meter reading data. When excluding farm tap customers, MERC reported that an annual average of 93.19 percent of customer meters were read by utility personnel and 0.04 percent were read by the customer in 2019. Please note that MERC includes both estimated and customer-read meters in the customer-read category.

Table 3: Meter Reading Performance⁹

	Avg. # of Meters	% Company Read	% Customer Read	Avg. # not Read in 6-12 mo.	Avg. # not Read in Over 12 mo.	Staff Level
2010	212,790	97.85%	2.15%	6	3	29.7
2011	212,821	97.03%	2.97%	1	0	29.1
2012	212,859	98.03%	1.94%	1	0	29.1
2013	214,564	96.25%	3.75%	3	6	26.8
2014	218,220	96.33%	3.67%	4	0	21.0
2015	226,493	97.77%	0.26%	2	0	26.2
2016	238,936	96.04%	0.04%	0	0	25.1
2017	232,730	99.94%	0.05%	2	1	23.9
2018	237,606	98.34%	0.04%	2	0	23.2
2019	241,914	93.19%	.0.04%	6.5	2	22.8

⁹ The numbers represented herein are without the farm tap data.

Table 3a: Farm Tap Meter Reading Performance

	Total. # not Read in 6-12 mo.	Total. # not Read in Over 12 mo.
2010	3,297	499
2011	1,839	264
2012	2,097	270
2013	1,069	237
2014	1,439	91
2015	1,406	78
2016	12,419	530
2017	1,540	14
2018	2,056	16
2019	2,252	98

MERC's Attachment 2A to 2019 Report included meter reader staffing data for the period 2010-2019 based on payroll time charged to meter reading. Attachment 2A listed MERC's Full Time Equivalent (FTE) data for the period 2010-2019 based on payroll time charged, and third-party contractors who conducted meter reading on behalf of MERC. MERC's staffing levels increased from 32.92 in 2018 to 35.94 in 2019, including contractors. Gradually, MERC has been reducing internal FTEs while increasing contract FTEs. In 2010, there were approximately 27 internal FTEs and 5 contractor FTEs, and in 2019 there were approximately 23 internal and 10 contract FTEs.

In 2019, internal FTEs fell slightly from 23.2 to 22.8, but contract FTEs increased from 9.62 to 12.99. The Department requests that MERC discuss in its response comments whether the increase in the contract positions are temporary or permanent, and why the FTEs increased for the second year in a row, while the number of hours charged to meter reading declined for the second year in a row. The two-year increase in total meters could indicate the need for more staff, however the lower meter reading hours and the percentage of meters read by the Company in 2019 conflict with that notion.

Table 3a: Farm Tap Meter Reading Performance

Year	Average Monthly Meters	Meter Reading Hours	Average Internal FTEs	Average Contract FTEs	Average Total FTEs
2015	226,493	97.77%	26.2	6.1	32.3
2016	238,936	96.04%	25.1	6.4	31.4
2017	232,730	99.94%	23.9	6.7	30.6
2018	237,606	98.34%	23.2	9.6	32.8
2019	241,914	93.19%	22.8	12.99	35.7

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

C. INVOLUNTARY SERVICE DISCONNECTIONS

The Commission's 09-409 *Order* requires each Minnesota regulated gas utility to provide involuntary service disconnection data in the same manner that it reports these data under Minnesota Statutes §§ 216B.091 and 216B.096, which relate to the Cold Weather Rule (CWR). The Company provided these data in Attachment 3 to its Report.

Regarding the Company's reported data on disconnections over the previous three years, MERC stated the following:¹⁰

As discussed in MERC's 2016, 2017 and 2018 Service Quality Reports, MERC temporarily suspended disconnection activity during transition to its new ICE system and during the period of system stabilization. As a result, MERC's 2016 disconnection rates were lower than prior years. The suspension of credit and collection activities during a customer information system conversion is common practice. In particular, the primary focus following conversion and during system stabilization is to ensure the ability to bill customers accurately and in a timely manner, and to respond to customer calls and inquiries. As those systems stabilize, credit and collection activities are re-initiated. MERC reinitiated its disconnection process in the latter part of 2016 and ... 2017 disconnection rates increased from 2016 levels. In 2018 and continuing into 2019, disconnections returned to being more in line with historic levels.

Table 4 summarizes MERC's involuntary disconnection statistics.

Table 4: Involuntary Service Disconnections

	Disconnect Notices Sent	# of CWR Requests*	CWR Requests Granted*	% CWR Granted	Involuntary Disconnects	% Restored in 24 hrs.
2010 ¹¹	n/a	n/a	n/a	n/a	n/a	n/a
2011	62,880	4,678	4,678	100%	7,534	51.86%
2012	55,611	5,407	5,407	100%	6,358	90.42%
2013	71,491	6,058	6,058	100%	8,484	81.34%
2014	87,069	7,014	7,014	100%	6,801	88.08%
2015	71,061	8,748	8,748	100%	5,393	48.23%
2016	2,690	4,649	4,649	100%	782	37.85%
2017	37,208	8,751	8,751	100%	1,744	41.17%
2018	58,151	10,014	10,014	100%	3,438	69.60%
2019	55,276	8,693	8,693	100%	4,961	83.98%

¹⁰ 2019 Report, p. 5-6

¹¹ The Company did not file the data with its May 2, 2011 Service Quality Report but referred to its reports filed under Minnesota Statutes §§ 216B.091 and 216B.096. Thus, not applicable (n/a) is used for 2010.

**Residential customers only*

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

D. SERVICE EXTENSION REQUESTS

In its 09-409 *Order*, the Commission required that each utility provide in its annual report service extension request information in the same manner as detailed in Minnesota Rule 7826.1600,¹² items A and B, except for information already provided in Minnesota Statutes §§ 216B.091 and 216B.096, subd. 11.¹³ The Company provided, as an attachment to its Report, the required service extension request data. Two sets of data are presented in the Report, one for new service extensions to properties previously not connected to the utility's system, and the second regarding connections of those properties previously connected to the system.

Table 5 provides a summary of MERC's service extension information, reported as monthly averages. The total number of requests for service to locations not previously served in 2019 was 2,460. There was an average wait time of 29 days for commercial requests and 16 days for residential requests in 2019, both of which are below the historical ten-year averages for the Company.

Table 5: Service Extension Requests (New Customers)

	Residential		Commercial	
	Avg. # of Installations	Weighted Avg. # of Days to Complete	Avg. # of Installations	Weighted Avg. # of Days to Complete
2010	84	18	9	26
2011	103	26	13	22
2012	140	18	12	34
2013	173	21	6	25
2014	170	24	12	75
2015	165	30	19	46
2016	169	12	20	20
2017	189	19	22	27
2018	188	19	25	26
2019	183	16	22	29

As shown in Table 5(a) below, in 2019 there were, on average, 516 residential and 41 commercial service requests per month from current customers. The total number of requests to previously-served customers in 2019 was 6,686. The weighted average number of days to complete these requests has typically been within a day for both residential and commercial requests.

¹² Titled *Reporting Service Extension Request Response Times*.

¹³ Titled *Reporting*, and regarding the Cold Weather Rule.

Table 5 (a): Service Extension Requests (Previous Customers)

	Residential		Commercial	
	Mo. Avg. # of Installations	Weighted Avg. # of Days to Complete	Mo. Avg. # of Installations	Weighted Avg. # of Days to Complete
2010 ¹⁴	n/a	n/a	n/a	n/a
2011	702	1	38	0
2012	686	1	51	0
2013	610	1	48	0
2014	991	0	42	0
2015	760	0	84	0
2016	533	0	32	0
2017	421	0	37	0
2018	405	0	33	0
2019	516	0	41	0

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

E. CUSTOMER DEPOSITS

In its 09-409 *Order*, the Commission required that each utility provide in its annual report data on customer deposits required for service as detailed in Minnesota Rules part 7826.1900. Please see Table 6 below.

Table 6: Customer Deposits

	Deposits Required	Deposits Held
2010	29	865
2011	16	881
2012	23	695
2013	16	625
2014	17	538
2015	2	499
2016	0	3
2017	672	88
2018	0	66
2019	0	24

¹⁴ The Company did not have data from January through June in its May 2, 2011 Service Quality Report. Thus, not applicable (n/a) is used for 2010.

MERC stated the following regarding the oscillating number of deposits collected over the previous three years:¹⁵

As discussed in MERC's July 30, 2018, Reply Comments filed in the Company's 2017 Gas Service Quality Report docket, Docket No. G011/M-18-317, in late 2017, MERC discovered that it collected deposits from low-income customers in violation of the Company's policy, and the deposits collected were higher than allowed under MERC's tariff. Upon realizing the mistake, the Company refunded all residential deposits collected in 2017. MERC also suspended collection of deposits in 2017, and that trend continued in 2018 and 2019.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

F. CUSTOMER COMPLAINTS

The Commission's 09-409 *Order* requires Minnesota gas utilities to provide customer complaint data in the same manner as prescribed in Minnesota Rule 7826.2000. The Company provided, as an attachment to its Report, these customer complaint data.

MERC's Attachment 5 includes customer complaints as summarized in Table 7 below. Complaints in 2019 were lower than in 2018 and 2017. MERC stated the following:¹⁶

In 2017, as part of ICE, MERC changed the Company's methodology used to track complaints, and continued implementation of and training on the updated methodology in 2018. Specifically, MERC has provided significant training to call center representatives to help identify when customers are not satisfied and to recognize when customers call multiple times. In these instances, a call center supervisor performs a call back and all call backs are tracked as a complaint. ...the 2017 change in MERC's complaint tracking complicates year-to-year historical comparisons. However, in the long-run, it will be beneficial to use consistent methodology that comprehensively identifies all inquiries and appropriately categorizes customer complaints.

The Department agrees with MERC in that year-to-year historical comparisons prior to 2017 are less useful now compared to future years when more data points have been collected. While it will take additional data to support a trend, it is encouraging to see 2019 complaints lower than both 2017 and 2018 levels.

¹⁵ 2018 Report, p. 6

¹⁶ *Id.* p. 8

To facilitate long-term tracking and cross checking of customer complaint data, the utilities that participated in the Service Quality Reporting Workgroup (the Workgroup)¹⁷ agreed to begin providing a copy of the May 1 customer complaint report required by Minnesota Rule 7820.0500 in their annual service quality report beginning with the 2013 report. A copy of the May 1, 2019 report was included in MERC's Service Quality Report. The Department also located MERC's Minnesota Rule 7820.0500 report in Docket No. E,G999/PR-20-13 (20-13 Docket).

Table 7: Customer Complaints

	# of Complaints Received	# Forwarded by CAO	% Resolved on Initial Inquiry
2010	2,540	23	93.9%
2011	3,257	12	99.7%
2012	1,904	15	89.0%
2013	1,753	25	86.4%
2014	557	26	71.3%
2015	454	55	28.4%
2016	577	27	18.4%
2017	1,547	10	64.6%
2018	1,883	8	58.4%
2019	1,199	49	75.7%

MERC's customer complaint data for 2014 to 2019 by complaint category is shown in Table 7(a):

Table 7(a): Customer Complaints by Resolution Type

	# of Complaints	% Agree with Customer Action	Compromise with Customer	Not within Control of the Utility	Refuse Customer's Request
2014	557	44.17%	27.47%	1.08%	27.29%
2015	454	41.41%	40.31%	8.59%	9.69%
2016	577	54.77%	27.21%	5.72%	12.31%
2017	1,547	59.53%	39.82%	0.13%	0.52%
2018	1,883	85.40%	13.81%	0.11%	0.69%
2019	1,199	75.2%	22.52%	0.25%	1.92%

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 Orders.

¹⁷ MERC participated in the Service Quality Reporting Workgroup, which met on June 22, 2012.

G. GAS EMERGENCY CALLS

In its 09-409 *Order*, the Commission required that Minnesota regulated natural gas utilities collect gas emergency phone line data. MERC provided these data in Attachment 6 to its Report. Specifically, the Company provided data related to the total number of calls, the average telephone answer time, and the percentage of calls that were answered within 15 seconds (MERC's internal goal). All utilities participating in the Workgroup agreed to provide their internal performance goal for answering gas emergency calls (x percent in x seconds).

According to the information provided by MERC, for 2019, the Company reported 19,446 emergency phone calls, averaging approximately 1,621 per month. The average number of monthly calls decreased slightly in 2019 by 206, but the monthly average has remained in line with historical averages. Table 8 below shows that, along with a decrease in the total number of gas emergency phone calls in 2019, the speed with which calls were answered also improved over 2018.

Table 8: Gas Emergency Calls

	# of Gas Emergency Calls	Average Response Time	% of Calls Answered in 15 Seconds or Less
2010	16,218	7.25	91.58%
2011	17,471	7.08	92.19%
2012	17,341	6.83	92.33%
2013	19,011	6.83	92.66%
2014	19,205	10.08	92.88%
2015	19,204	9.25	93.31%
2016	23,773	3.92	95.59%
2017	20,017	5.58	93.04%
2018	21,920	5.42	93.67%
2019	19,446	5.17	94.45%

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 and 10-374 *Orders*.

H. GAS EMERGENCY RESPONSE TIME

In its 09-409 *Order*, the Commission required that Minnesota regulated gas utilities collect and provide data regarding gas emergency response times including the percentage of emergencies responded to within one hour and within more than one hour. Additionally, the Commission required MERC to report the average number of minutes it takes to respond to an emergency. MERC provided these data in Attachment 6 to its Report.

The Department notes that MERC provided emergency response data in service quality reports prior to the 09-409 *Order*. In these earlier service quality reports, the Company remarked that its internal goal is to respond to 97 percent of emergency calls in less than an hour. Through the Company's participation in the workgroup, MERC agreed to continue to provide data based on this internal gas emergency response goal.

As shown in Table 9 below, MERC responded to 7,204 gas emergencies in 2019, an 8.7 percent increase year-over-year. Of the 7,204 incidents, 95.7 percent of them were responded to in less than one hour. The average response time of 26.93 seconds in 2019 was consistent with 2018 and quicker than recent years, while the percent of incidents taking longer than an hour for a response was lower at 4.32.

Table 9: Gas Emergency Response Time

	Gas Emergencies	% Responded to in <1 hour	% Responded to in >1 hour	Avg. Response Time (minutes)
2010	7,010	95.3%	4.69%	27.25
2011	6,638	95.6%	4.38%	27.33
2012	6,221	93.6%	6.42%	30.08
2013	6,306	96.2%	3.76%	28.67
2014	6,896	94.3%	5.70%	23.67
2015	5,832	95.4%	4.68%	26.92
2016	5,382	94.4%	5.58%	28.00
2017	6,344	95.2%	4.76%	28.15
2018	6,625	95.6%	4.40%	26.70
2019	7,204	95.7%	4.32%	26.93

On a monthly basis in 2019, the Department notes that the average response times are tightly clustered, with 32 minutes being the longest average response time (in February) and 25 minutes being the shortest average response time (in October).

The Department acknowledges that MERC has fulfilled the reporting requirements of the 09-409 *Order*.

I. MISLOCATES

The Commission's 09-409 *Order* requires Minnesota natural gas utilities to provide data on mislocates, including the number of times a line is damaged due to a mismarked line or failure to mark a line. MERC provided the number of mislocates, by month, in Attachment 7 to its Report.

As shown in Table 10, MERC's Report indicated that there were 39 mislocates out of a total of 105,711 locates, resulting in an approximate mislocate rate of 0.03 percent in 2019. The Department notes that with a 7.3 percent increase in locates, the mislocates per 1,000 tickets remained consistent with 2018.

Table 10: Mislocates

	# of Locates	# of Mislocates	% of Mislocates	Mislocates per 1,000 Tickets
2010	70,013	21	0.04%	0.30
2011	69,971	12	0.01%	0.17
2012	70,996	24	0.03%	0.34
2013	76,519	11	0.01%	0.14
2014	84,446	13	0.01%	0.15
2015	92,476	37	0.04%	0.40
2016	99,309	44	0.05%	0.44
2017	101,266	39	0.05%	0.39
2018	98,514	36	0.03%	0.37
2019	105,711	39	0.03%	0.37

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

J. DAMAGED GAS LINES

The Commission's 09-409 *Order* requires Minnesota regulated gas utilities to provide data on damaged gas lines, including the number of lines damaged by Company employees or contractors, the total number of other damage events, and the number of events that were unplanned in nature. Table 11 summarizes MERC's damaged gas lines information.

Table 11: Damaged Gas Lines

	Damage by Utility	Damage by Others	Total	Miles of Line	Damage/100 Line Miles
2010 ¹⁸	6	171	177	n/a	n/a
2011	21	191	212	n/a	n/a
2012	32	142	174	4,453	3.91
2013	9	147	156	4,536	3.44
2014	28	177	205	4,536	4.52
2015	37	194	231	4,829	4.78
2016	12	37	49	4,894	1.00
2017	39	204	243	4,953	4.91
2018	48	206	254	5,024	5.06
2019	59	206	265	5,116	5.18

¹⁸ MERC provided information regarding the total number of damage events in its 2010 and 2011 *Annual Service Quality Reports*, but did not provide the miles of line.

The Department notes that the metrics for gas line damage are at the highest levels in any of the previous ten years. The Company has expanded its miles of lines fairly steadily over the previous ten years, so it is expected that the nominal number of damage incidents would increase as well. However, except for 2016, the ratio of damage incidents has steadily increased since 2012. The Department requests that MERC provide discussion in its Reply Comments regarding the increase in the rate of damage to its gas lines. This discussion should include, but not be limited to, potential and/or identified causes and remedies MERC is pursuing.

The Company reported that there were no damage events that were attributable to system issues (*e.g.* random equipment failure) in 2019.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

K. SERVICE INTERRUPTIONS

In its 09-409 *Order*, the Commission required that Minnesota regulated natural gas utilities collect data regarding service interruptions. The utilities are required to separate these data into categories based on whether the event was caused by Company employees, Company contractors, or some other unplanned causes. MERC provided these data in Attachment 9 to its Report. The number of service interruptions on MERC's system is shown in Table 12 below.

Table 12: Service Interruptions

	Caused by Utility	Caused by others	Total Interruptions
2010	7	41	48
2011	8	145	156
2012	17	136	153
2013	5	129	134
2014	1	152	153
2015	22	155	177
2016	35	162	197
2017	26	150	176
2018	26	159	185
2019	41	172	213

The Department notes that the interruption numbers reported by MERC were relatively consistent with past yearly data. MERC did state the following, however, regarding two incidents that impacted a large number of people:¹⁹

...August had an outage that impacted a large number of customers. In August 2019, 216 customers were impacted by a single event that resulted from a severe thunderstorm blowing a tree down and into MERC's regulator station.

¹⁹ 2018 Report, pp. 8-9

With the increase in damaged gas lines shown in Table 11 above, it is not surprising to see that the number of service interruptions increase in 2019 as well. Most concerning though, is that the number of service interruptions caused by the Company is the highest number since the beginning of reporting in 2010. The Department requests that MERC discuss in its Reply Comments why interruptions caused by MERC employees were high in 2019. This discussion should include but not be limited to causes and remedies implemented or currently being pursued by the Company.

The Commission's March 6, 2012 Order in Docket No. G007,011/M-10-374, *et. al.* required MERC to provide the number of customers affected by a service interruption and the average duration of the interruptions beginning with its 2011 report. Through its participation in the workgroup, MERC indicated that it would calculate total outage time as beginning when the outage is reported and ending when service is restored to the last affected customer. Consequently, as part of its Report, MERC included an attachment with an item-by-item breakdown of each service interruption in 2019 (Attachment 9-A of the Report).

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

L. MNOPS REPORTABLE EVENTS

The 09-409 *Order* also required Minnesota regulated natural gas utilities to provide summaries of all major events that are immediately reportable to the Minnesota Office of Pipeline Safety (MnOPS) and provide contemporaneous reporting of these events to both the Commission and Department when they occur. The Company began providing this information starting with its 2011 annual report. Please see Table 13 below.

Table 13: MNOPS Reportable Events

	Reportable Interruptions
2010	n/a
2011	2
2012	9
2013	11
2014	18
2015	35
2016	25
2017	25
2018	26
2019	20

In Attachment 10 to its Report, the Company reported details regarding the 20 MnOPS reportable events during 2019. MERC was not cited for any emergency response violations by MnOPS during 2019.

The Department acknowledges that MERC has fulfilled the requirements of the 09-409 *Order*.

M. CUSTOMER SERVICE-RELATED OPERATIONS AND MAINTENANCE (O&M) EXPENSES

Along with the service quality data referenced above, the Commission also requires Minnesota regulated natural gas utilities to report customer-service-related operation and maintenance (O&M) expenses related to its Federal Energy Regulatory Commission (FERC) 901 and 903 accounts. MERC provided these data in Attachment 11 to its Report.

In 2019, MERC reported total customer-service-related O&M expenses of \$5,906,408, which averages approximately \$492,201 O&M expenses per month. See Table 14 below.

Table 14: Customer Service-Related O&M Expenses

	FERC 901	FERC 903	O&M Total	O&M Average/Month
2010			\$5,964,790	\$497,066
2011	\$417,993	\$5,944,342	\$6,362,335	\$530,195
2012	\$505,142	\$5,904,186	\$6,409,328	\$534,111
2013	\$435,474	\$6,072,592	\$6,508,066	\$542,339
2014	\$444,076	\$5,764,171	\$6,208,247	\$517,354
2015	\$621,406	\$6,377,977	\$6,999,383	\$583,282
2016	\$1,160,044	\$3,762,930	\$4,922,974	\$410,248
2017	\$627,481	\$3,971,403	\$4,598,884	\$401,245
2018	\$1,530,164	\$3,749,672	\$5,279,836	\$420,161
2019	\$245,223	\$5,906,408	\$5,906,408	\$492,201

The Department acknowledges that MERC has fulfilled the FERC 901 and 903 accounts reporting requirements.

O. ICE PERFORMANCE INDICATORS

In addition to the categories discussed above pertaining to MERC's Service Quality Report, the Commission, in its October 31, 2016, *Findings of Fact, Conclusions, and Order* in Docket No. G011/GR-15-736, required the Company to develop, in consultation with the Department, the Office of the Attorney General – Residential Utilities and Antitrust Division (OAG), and Commission Staff, a tool or survey to measure the effectiveness over time of the Improved Customer Experience (ICE) Project as it relates to the customer services that were intended to be improved by the project. In particular, the Commission's Order²⁰ provided the following:

On an annual basis starting in 2017, MERC shall place \$500,000 from ratepayers into an account.

²⁰ *Findings of Fact, Conclusions, and Order*, Docket No. G011/GR-15-736 at 55 (October 31, 2016) (Order Point 11)

- a. By February 2017 MERC shall develop a tool or survey to measure the effectiveness over time of the ICE project as it relates to the customer services that were intended to be improved by the project. Any survey, consultant, program, or tool to measure project effectiveness must be adopted in consultation with the Department and the OAG.
- b. The Company, after consultation with the Department and the OAG, shall set annual ICE-project customer-service benchmarks to be reached by the end of 2017. The Company may modify these benchmarks and shall report annually unless the Commission determines ongoing monitoring is no longer necessary and that the \$500,000 no longer needs to be set aside as a performance incentive.
- c. The Company shall report performance towards these benchmarks annually at the same time they do their service quality reporting. At that time the Commission will determine whether the benchmarks for retention of the \$500,000 have been met.

On January 31, 2017, MERC submitted a compliance filing regarding the ICE performance indicators in Docket No. G011/GR-15-736, which detailed the Company's proposed plan to implement and evaluate the ICE performance metrics.²¹ That filing defined the metrics that were agreed upon by the parties that MERC was to report on in its annual service quality filings. Attachment 13 to MERC's 2019 Report details its performance with regard to the ICE metrics. The agreed-upon metrics and their definitions are listed below.

- Customer Transaction Satisfaction – Measures customer satisfaction with their transaction based on a third-party survey;
- Residential First Call Resolution – Measures customer's perception of resolving their issue on their first contact;
- Billing Accuracy – Percentage of bills that are not cancelled, rebilled, or adjusted;
- Billing Timeliness – Percentage of bills created within the billing window, not including any impacts from printing and mailing process;
- Even Payment Plan Adoption – Percent of customers on even payment plan;
- E-Bill Adoption – Percent of customers enrolled in e-billing;
- E-Payment Adoption – Percent of electronic payments;
- Field Service Appointments Kept – Percentage of customer appointments kept;
- IT/Security – Number of masked data fields and number of tokenized data fields; and
- Net Write off as Percent of Revenue – The ratio of the dollar amount of receivables written off less recoveries against gross write-offs, divided by rolling 12 months of revenue

With the exception of the field service appointment metric, MERC established pre-ICE baselines that were a 3-year average of the relevant data under its former Vertex system. ICE was implemented January 2016, with system stabilization occurring through the remainder of that year. For ease of reference, Attachment 1 to these Comments provides the Company's 2019 ICE performance.

²¹ This compliance filing was approved in the Commission's *Order* dated February 13, 2017.

This is the third time that the Company has reported on its performance related to ICE, and the Commission's Order, in its annual service quality filing.

The Department notes that, for the Customer Transaction Satisfaction metric, the Company switched from a third-party telephone survey to an email survey. As discussed in Docket No. G011/M-18-317 and in order to provide a meaningful comparison of yearly performance, the Company completed an analysis that allowed for a statistical adjustment of results under the newly-implemented email survey method. The Company stated that it performed the same statistical adjustment to its 2019 performance so as to more accurately compare 2019 performance with previous years. As detailed in Attachment 1 to these Comments, MERC's 2019 performance was 85.7 percent, which represents a slight decline from the previous two years, but it is well above its pre-ICE baseline level.

The Company maintained or improved upon past performance in every category other than Billing Accuracy, Billing Timeliness, and Net Write-Off as Percent of Revenue.

As for the dip in performance in 2019 regarding Billing Accuracy, moving from 98.93 percent in 2017 to 98.85 percent in 2018, and 98.47 percent, the Company stated that factors unrelated to its ICE system contributed to the dip. Specifically, the Company stated that the decline was unrelated to ICE, "Rather, the decrease was driven largely by weather impacts resulting in a slightly higher number of estimated reads, impacting the billing accuracy metric in 2019."²² Additionally, the Company stated that it expects to experience lower Billing Accuracy performance until the implementation of MERC's advanced metering infrastructure (AMI) project. In MERC's 2018 Report, the Company stated that the billing accuracy metric was not ICE-related, but rather due to staff turnover. The Department requests that MERC provide in its Reply Comments a discussion as to how the increased reliance on contracted meter reading staff, shown in Table 3a above, may also be affecting this metric.

Regarding the second-year decline in performance for Billing Timeliness, the Company attributed the reduction to similar issues as had impacted Billing Accuracy, namely weather complications. Additionally, MERC stated that customer billing disputes can impact the timeliness of billing. The Department notes that the stated reason for a decline in this metric in the 2018 Report was due to staff turnover. While AMI will likely also contribute to improvement in the billing metrics, recent performance in this and the billing accuracy categories are lower than the pre-ICE 2013-2015 baselines for three years in a row. The Department requests that MERC discuss in its Reply Comments any mitigating strategies the Company is taking while it awaits completion of its AMI project.

While the Company saw its worst performance regarding Net Write-Offs as a Percentage of Revenue in 2019 when compared with the previous three years and pre-ICE baselines, MERC stated that, "in particular, customer payments are more impacted by higher or lower bills (because of gas costs or colder or warmer weather) than MERC's collection activities."²³ Additionally, the Company stated that it, "believes it has seen improvement resulting from the implementation of ICE that contribute to reducing or containing uncollectible expense, such as increased use of e-billing, e-payment, and

²² 2019 Report, p. 20

²³ *Id.* p. 25

payment option.” The Department agrees with both statements. Unfortunately, in light of the events during 2020, the Department expects that the net write-offs as a percentage of revenue will continue to increase in next year’s report.

In its conclusion regarding the ICE performance metrics, MERC stated,²⁴

When considering the overall Performance Indicators associated with the ICE Project, MERC has continued to meet or exceed many of the identified metrics for calendar year 2019, continuing to demonstrate the overall effectiveness of the ICE Project in achieving improved customer service and delivering on the specific areas of customer service intended to be improved by the ICE Project. While factors unrelated to the ICE Project negatively impacted some of MERC’s 2019 Performance Indicators, as reflected in this filing, those factors do not undermine a conclusion that MERC has demonstrated the effectiveness over time of the ICE Project as it relates to the customer services that were intended to be improved by the project.

MERC achieved its stated goal in each of the following categories – Customer Transaction Satisfaction, Residential First Call Resolution, Even Payment Plan Adoption, Electronic Bill Adoption, Electronic Payment Adoption, and Field Service Appointments Kept. However, metrics like billing accuracy and timeliness that are mostly in the control of the Company, have been declining for three years. MERC has a long and documented history with issues regarding its billing system, so the Department is not convinced that MERC has demonstrated that the ICE Project has led to improved customer service regarding billing metrics. Therefore, the Department will be withholding its recommendation on whether MERC can retain its \$500,000 set-aside until after reviewing the Company’s Reply Comments.

MERC again requested that the requirement to set aside \$500,000 annually as a performance incentive and to monitor and report its ICE performance metrics be discontinued. Specifically, the Company stated the following in its concluding remarks:²⁵

Additionally, because MERC’s 2017 through 2019 ICE performance metrics indicate that the ICE Project has achieved its stated objectives in improving customer service, MERC requests that the Commission determine that ongoing monitoring and reporting is no longer necessary, and that the \$500,000 no longer needs to be set aside as a performance incentive. Now that ICE has been implemented, further significant improvements stemming directly from the ICE Project in the identified performance measures are not anticipated, although incremental improvements in some areas may continue. MERC believes it has demonstrated improvements with respect to the identified ICE Performance Indicators and has fully explained areas where factors outside of the ICE Project have and will continue to impact overall performance.

²⁴ 2019 Report, p. 26

²⁵ *Id.*

The Department does not agree with MERC that monitoring and reporting of its performance related to the ICE Project is no longer necessary. Including 2016, which was a transition year in terms of ICE implementation, the Commission has only four years of ICE performance metric information.

While MERC has maintained or improved on many of its ICE metrics, the Department has particular concern regarding the Billing Accuracy and Billing Timeliness metrics. Billing accuracy performance has been below the 2013-2015, pre-ICE baseline since 2017, and billing timeliness performance has never exceeded the pre-ICE baseline. MERC has struggled with maintaining and improving billing performance over the years, so the Department sees utility in continuing the ICE performance metric reporting.

The Department notes that MERC's anticipated advanced metering infrastructure (AMI) project may impact many of the ICE metrics. Once AMI is implemented, it may be reasonable to discontinue reporting these metrics with respect to evaluating ICE improvements, since it will be difficult to assess the extent to which the metrics are impacted by AMI and the extent to which they are impacted by ICE. At this time, however, the Department recommends that the Commission deny MERC's request to discontinue setting aside its \$500,000 ICE performance incentive and deny the Company's request to discontinue monitoring and reporting the ICE performance metrics.

P. ADDITIONAL REPORTING REQUIREMENTS

1. MnOPS and EFV Reporting

The Commission's January 7, 2020 Order in Docket No. G002/M-19-303 required the Company to provide the following additional information in its annual service quality report.

- a) The utility's filing under 49 CFR 192.1007 (e) and the baseline information provided on May 1, 2019, an update of: integrity management plan performance measures; monitoring results, and evaluation of effectiveness.*

The Company included this information in Attachment 11 of its 2019 Report as well as a general overview of the Company's integrity management plan, monitoring results, and the effectiveness of its plan. The Company stated the following regarding this Ordering Point:²⁶

MERC's integrity management risk analysis incorporates factors beyond the data provided in Attachment 11 (i.e. leaks and excavation damages) including consequence, risk and consequence probability, and frequency (e.g. the relative percentage of leaks by cause to the total number of leaks for the system). While the identified effectiveness criteria provide a trigger for further investigation, a deeper analysis of the data is necessary to properly and fully evaluate risk and identify any appropriate actions to mitigate or address risks. Consequently, the Company is constantly

²⁶ 2019 Report, p. 12

reviewing risk and effectiveness and reprioritizing based on current data. Notably, as construction related to right-of-way relocation work, reliability, and integrity management has increased in recent years, so too has the available data and visibility into risks on MERC's system.

The Department appreciates the discussion provided by MERC and acknowledges fulfillment with the Ordering Point.

b) A summary of any 2019 emergency responsive violations cited by MNOPS along with a description of the violation and remediation in each circumstance.

In compliance with this Ordering Point, MERC stated that it was not cited for any emergency response violations by MnOPS during 2019.

c) The number of violation letters received by the utility from MNOPS during the year in question.

The Company stated that it received four violation letters in 2019, each of which were related to locating issues. This is a decrease from eight such letters in 2018.

d) Uniform reporting metrics for installation of excess flow valves and manual service line shut-off valves.

The Commission's January 7, 2020 Order in Docket No. G011/M-19-303 required MERC, in consultation with the other gas utilities, to provide a recommendation for a uniform reporting of annual and overall excess flow valve (EFV) and manual shutoff valve installation on its distribution system.

On December 6, 2019, MERC submitted its compliance filing addressing proposed uniform definitions and reporting metrics with respect to EFV and manual shut-off valve installations. In that compliance filing, MERC, along with the other natural gas utilities agreed to the following definitions:

- Number of customers suitable for an EFV: a customer is suitable for an EFV if they fall under the installation requirement of 49 C.F.R. § 192.383, which requires the service line to be operated at least 10 pounds per square inch gauge and to serve a customer load not greater than 1,000 standard cubic feet per hour (SCFH). However, actual number of services eligible for installation of an EFV may vary since an engineering analysis is required, on a case-by-case basis, to determine actual technical feasibility.
- Number of customers suitable for manual shut-off valve: a customer is suitable for a manual shut-off valve if they do not meet the requirements of 49 C.F.R. § 192.383.

Regarding the agreed-upon reporting metrics, the Company provided the percentages of eligible customers who have either EFVs or manual shut-off valves in Tables 8 and 9 of its 2019 Report. Those percentages were 24.8 percent and 4.1 percent, respectively. Since August 20, 2018, no customers have received installations upon request prior to a system upgrade.²⁷

The following table shows MERC's cumulative numbers of EFVs and manual shut-off valves that have been installed by year.

Table 14: Cumulative Number of Installations

	2018	2019
EFVs	50,363	55, 837
Manual Shut-off Valves	124	195

The Department notes that, in the Commission's Order issued July 31, 2019, the Commission required the natural gas utilities to submit annual compliance reports through 2025 on progress made towards complying with Ordering Paragraph 7a-c of the Commission's August 20, 2018 Order in Docket No. G999/CI-18-41, *in the Matter of a Commission Investigation into Natural Gas Utilities' Practices, Tariffs and Assignment of Cost Responsibility for Installation of Excess Flow Valves and other Similar Gas Safety Equipment*. Therefore, it may no longer be necessary for MERC to provide the same information in their annual service quality reports.

The Department concludes that MERC has complied with the reporting requirements of this Ordering Point.

2. TIMP and DIMP Data on Leak Count

In compliance with the Commission's Ordering Point regarding leak counts, MERC offered Tables 6 and 7 in its 2019 Report. Table 6 provided leak counts by facility type, main material, and service material, Table 7 provided leak counts by cause for above-ground facilities. Details regarding MERC's leak count by threat by facility type were provided in Attachment 11 of the Company's filing.

The Department acknowledges fulfillment of the Commission's Order in Docket No. G002/M-19-303.

²⁷ *Id.*, p. 15.

III. SUMMARY AND CONCLUSIONS

Based on its review of MERC's 2019 *Annual Service Quality Report*, the Department recommends that the Commission accept the Company's Report, pending MERC's response in *Reply Comments*. The Department requests that the Company provide detailed discussions in its *Reply Comments* regarding the following:

- gaps in its call center response time performance;
- whether the increase in the contract meter reading positions are temporary or permanent, and why the FTEs increased for the second year in a row, while the number of hours charged to meter reading declined for the second year in a row;
- the increase in the rate of damage to its gas lines over many years. The discussion should include, but not be limited to, potential and/or identified causes and remedies MERC is pursuing;
- why interruptions caused by MERC employees were at their highest level in 2019. This discussion should include but not be limited to causes and remedies implemented or currently being pursued by the Company;
- how the increased reliance on contracted meter reading staff, shown in Table 3a of the Department's *Comments*, may be affecting the Billing Accuracy ICE metric; and
- why the performance in the billing accuracy and billing timeliness categories are lower than the pre-ICE 2013-2015 baselines for three years in a row. The discussion should include any mitigating strategies the Company is taking while it awaits completion of its AMI project.

The Department will provide its recommendation on whether MERC should be allowed to retain the \$500,000 set-aside, as an ICE performance incentive, after reviewing the Company's reply.

The Department recommends that the Commission deny MERC's request to discontinue setting aside its \$500,000 ICE performance incentive and deny the Company's request to discontinue monitoring and reporting the ICE performance metrics.

Finally, the Department concludes that it may no longer be necessary for MERC to provide the information required in item 2 of the Commission's January 7, 2020 *Order* in Docket No. G011/M-19-303 in its annual service quality reports. The information required in that Ordering Point has been captured by Ordering Paragraph 7a-c of the Commission's August 20, 2018 *Order* in Docket No. G999/CI-18-41, *in the Matter of a Commission Investigation into Natural Gas Utilities' Practices, Tariffs and Assignment of Cost Responsibility for Installation of Excess Flow Valves and other Similar Gas Safety Equipment* through the year 2025.

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Attachment 13 MERC Improved Customer Experience Performance Indicators (2019)														
Performance Indicator Metric	2013-2015 Performance Average	2016 Performance	1st Quartile (Entry Point)	2nd Quartile (Entry Point)	Target Performance (End of 2019)	2017 Performance	2017 Statistically Adjusted Performance	2018 Performance	2018 Statistically Adjusted Performance	2019 Performance	2019 Statistically Adjusted Performance	Aspects of ICE Contributing to Continuous Improvement	Barriers to Increased Achievement in 2019	Expectations for Future Performance
Customer Transaction Satisfaction (%)	62%	83.6%	82.0%	72.0%	Continued improvement from pre-ICE baseline levels, driving toward first quartile performance. Going forward, as the industry continues to evolve, we find different ways to measure and gain customer insights. Our means to gauge customer feedback has changed and we are seeing a better sampling of our customer demographics and number of participants to survey. Our focus is to improve performance while balancing other external and internal factors that may impact customer satisfaction. We do not measure our satisfaction with our CIS system only, we use this metric to identify process improvement opportunities and root causes to dissatisfaction. Items like gas prices, branding, internal processes, regulated processes, etc. can impact customer satisfaction.	78.50%	86.80%	78.60%	86.90%	77.40%	85.70%	Improved customer service processes and systems; improved self-service options for customers; efficiency and effectiveness of our customer service identification and resolution process through improved Care Center tools.	In 2017, a change was made from telephone to e-mail surveys (research indicates that while e-mail surveys result in higher response rates and more participation, overall satisfaction reported tends to be lower as customer have more time to consider and provide more candid feedback then they would to a person over the phone). Email surveys continued in 2019. Measurement can be very subjective and impacted by the mode of survey and other factors. Extreme weather conditions in the 1st quarter in 2019, caused higher than normal estimates and high bills, in turn causing lower satisfactions levels in the first half of 2019.	Continued improvement from pre-ICE baseline levels, driving toward first quartile performance. Going forward, as the industry continues to evolve, we find different ways to measure and gain customer insights. Our means to gauge customer feedback has changed and we are seeing a better sampling of our customer demographics and number of participants to survey. Our focus is to improve performance while balancing other external and internal factors that may impact customer satisfaction. We do not measure our satisfaction with our CIS system only, we use this metric to identify process improvement opportunities and root causes to dissatisfaction. Items like gas prices, branding, internal processes, regulated processes, etc. can impact customer satisfaction.
Residential First Call Resolution (%)	80.67%	81.78%	85%	79%	Maintain achievements (2018 achieved first quartile performance)	83.30%	N/A	91.50%	N/A	91.40%	N/A	Improved customer service processes and systems; improved call escalation processes	None	Maintain achievements; 2018 and 2019 achieved first quartile performance
Billing Accuracy	99.53%	99.77%	99.93%	99.79%	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance with slight improvements in 2019 and beyond, dependent upon other external factors. MERC's planned implementation of AMI in 2019 and 2020 is expected to result in improvements in billing accuracy in the future.	98.93%	N/A	98.85%	N/A	98.47%	N/A	Replacement of outdated customer information system; system billing capabilities (compared to pre-ICE system); system automation capabilities (compared to pre-ICE system); efficiency and effectiveness of our customer service identification and resolution process through improved Care Center tools.	Weather impacts on meter reading (extreme cold weather event); some unavoidable level of human error (in the absence of AMR/AMI)	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance, dependent upon other external factors. MERC's planned implementation of AMI is expected to result in improvements in billing accuracy in the future.
Billing Timeliness	99.89%	98.65%	99.50%	99.00%	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance with slight improvements in 2019 and beyond, dependent upon other external factors. MERC's planned implementation of AMI in 2019 and 2020 is expected to result in improvements in billing timeliness in the future.	99.48%	N/A	99.37%	N/A	99.13%	N/A	Replacement of outdated customer information system; system billing capabilities (compared to pre-ICE system); system automation capabilities (compared to pre-ICE system)	Narrow windows of the quartiles (at the 99.00 percent level) means that minor changes can greatly impact achievements in this metric. Weather and human error affect billing timeliness in a similar manner as billing accuracy.	Staffing, weather, and human error are all factors that will continue to impact this metric; MERC expects to maintain performance, dependent upon other external factors. MERC's planned implementation of AMI is expected to result in improvements in billing timeliness in the future.
Even Payment Plan Adoption (%)	14.43%	15.12%	16.8%	11.9%	Maintain achievements within second quartile, moving toward first quartile performance of 16.8 percent. While MERC will continue to target continuous even payment plan adoption through customer education, participation is optional and will depend on customer interest.	15.51%	N/A	16.00%	N/A	16.10%	N/A	Proactive solicitation and automated enrollment into the even payment plan makes enrollment easier for customers	Customer education and interest	Maintain achievements within second quartile, moving toward first quartile performance of 16.8 percent. While MERC will continue to target continuous even payment plan adoption through customer education, participation is optional and will depend on customer interest.
e-Bill Adoption (%)	20.27%	22.38%	14.5%	10.3%	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education, participation is optional and will depend on customer interest. Potential barrier to 2019 and future achievement with a planned web platform project, which could create temporary disruptions.	26.21%	N/A	30.50%	N/A	31.70%	N/A	Makes electronic billing application more user-friendly for customers, increases mobile options, and allows customers to continue electronic billing if they move and transfer service to a new address.	Website platform upgrades completed in 2019 resulted in some temporary and minor disruptions	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education; participation is optional and will depend on customer interest. ICE was the precursor to enable our ability to evolve and grow our digital platform to deliver on customer expectations. New upgrades and improvements are likely to impact this indicator in the future.
e-Payment Adoption %	55.50%	57.58%	51.6%	45.3%	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education, participation is optional and will depend on customer interest. Potential barrier to 2019 and future achievement with a planned web platform project, which could create temporary disruptions.	60.42%	N/A	60.90%	N/A	66.00%	N/A	Makes electronic billing application more user-friendly for customers, increases mobile options, and allows customers to continue electronic billing if they move and transfer service to a new address.	Website platform upgrades completed in 2019 resulted in some temporary and minor disruptions	Target maintaining first quartile performance. While MERC will continue to target continuous e-bill adoption through customer education; participation is optional and will depend on customer interest. ICE was the precursor to enable our ability to evolve and grow our digital platform to deliver on customer expectations. New upgrades and improvements are likely to impact this indicator in the future.
Field Service Appointments Kept	N/A	99.89%	99.0%	98.6%	Maintain first quartile performance. MERC's 2018 achievements were 99.99 percent of field service appointments kept.	99.99%	N/A	99.99%	N/A	99.99%	N/A	Improvements with the implementation of ICE, including improved mobile routing capabilities to the dispatch system, increases our ability to timely meet service appointments. Integrated scheduling into the customer information system to streamline customer scheduling.	None	Maintain achievements; 2018 and 2019 achieved first quartile performance
Net Write Off as % of Revenue	0.58%	0.73%	0.35%	0.52%	MERC will continue to target performance within the second quartile driving toward eventual first quartile performance to the extent such performance is achievable in consideration of external factors affecting overall write offs.	0.58%	N/A	0.75%	N/A	0.80%	N/A	Improvements in collections; system enhancements to allow for additional atomization	Factors unrelated to customer information system and collection activities have a more significant impact on net write offs (e.g., weather, gas prices, other impacts on customer bills). Extreme weather conditions in the 1st quarter in 2019, caused higher than normal estimates and high bills; high bills impact net write offs	MERC will continue to target performance within the second quartile driving toward eventual first quartile performance to the extent such performance is achievable in consideration of external factors affecting overall write offs.
IT / Security (# of masked customer data fields; # of tokenized customer data fields)	0 fields	1,386,000 fields	N/A	N/A	No changes anticipated in the near term (increases would only occur with future upgrades or modifications to the system).	1,386,000 fields	N/A	1,386,000 fields	N/A	1,386,000 fields	N/A	Prior to ICE, MERC's customer information system did not have the capability to mask or tokenize customer information fields. With ICE, customer data fields that are secured via masking or tokenization include bank account information, birthdate, drivers' license information, income, social security numbers, credit card information, and other person data.	None	No changes anticipated in the near term (increases would only occur with future upgrades or modifications to the system).

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, 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 No. G011/M-20-456

Dated this **20th** day of **November 2020**

/s/Sharon Ferguson

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