

NOTICE OF COMMENT PERIOD

Issued: June 21, 2017

In the Matter of a Petition by United Natural Gas LLC (UNG) for Approval of Its Request for a Small Gas Utility Franchise Exemption

PUC Docket Number: G-6960/M-16-214

Comment Period: Responses from UNG to the questions attached to this Notice due by **July 21, 2017 at 4:30pm**

Comments on UNG responses and other relevant topics closes **August 21, 2017 at 4:30pm**

All comments periods in this notice may be varied by the Commission upon request for good cause, pursuant to Minnesota Rules, Chapter 7829.
Comments received after comment period closes may not be considered.

Docket Background: On May 24, 2016, the Commission issued its Order in this docket approving UNG's request to be exempt from certain regulatory requirements as a small natural gas utility under Minn. Stat. § 216B.16, subd. 12 for service provided within the borders of the municipalities of Lafayette and Courtland, Minnesota, and surrounding areas deemed incidental to the municipalities' service.

On February 7, 2017, UNG submitted its Letter notifying the Commission that UNG had received a request to provide service to the Lower Sioux Indian Community (Lower Sioux).

On April 7, 2017, the Department submitted comments in Docket Nos. 16-214 and 16-1026,¹ regarding UNG's request to expand its small gas utility franchise exemption to include the Lower Sioux. The Department was concerned that UNG had not provided the necessary legal, financial, or operational

¹ On December 7, 2016, Greater Minnesota Gas Transmission (GMT) filed its petition requesting Commission approval for a proposed 35 mile intrastate pipeline from the Hutchinson Pipeline to the Lower Sioux. On May 26, 2017, the Commission issued its order approving the Agreement between GMT and UNG to construct the necessary facilities. In the Matter of a Petition by Greater Minnesota Transmission, LLC's (GMT) for Approval of a Firm Gas Transportation Agreement with United Natural Gas, L.L.C. (UNG), a subsidiary of United Farmers Cooperative, Docket No. PL-6580/M-16-1026.

support for its requested service area expansion. The Department asked the Commission to issue a request for comments from interested parties on UNG's exemption request.

On April 17, 2017, UNG submitted comments arguing, among other things, that the Lower Sioux Indian Community is entitled to sovereign immunity, and thus should not be subject to the requirements of Minnesota Statutes, Chapter 216B.16.

On May 23, 2017, the Commission issued its *Order Soliciting Comment*, in this docket and docket 16-1026, and directed its staff to establish a comment period for interested parties on the applicability of UNG's exemption to the service area indicated in the docket 16-1026 agreement, and related matters.

The information and questions are attached to this Notice. See Attachment A.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission's electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *eFiling*, and follow the prompts.

Submit Public Comments: Visit mn.gov/puc, select *Speak Up!* find this docket, and add your comments to the discussion.

- *If you wish to include an exhibit, map or other attachment, please send your comments via U.S. Mail.*

Send U.S. Mail to Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101. Please include the Commission's docket number in all communications.

Full Case Record: See all documents filed in this docket via the Commission's website - mn.gov/puc, select *Search eDockets*, enter the year (*16*) and the docket number (*214*), select *Search*.

Subscribe to receive email notification when new documents are filed in this docket at mn.gov/puc, select *Subscribe*, and follow the prompts.

Questions about this docket or Commission process and procedure? Contact Commission staff, Bob Brill, at bob.brill@state.mn.us or 651-201-2242; or Jason Bonnett at jason.bonnett@state.mn.us or 651-201-2235.

Change your mailing preferences: Email docketing.puc@state.mn.us or call 651-201-2204

This document can be made available in alternative formats (e.g., large print or audio) by calling 651-296-0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.

ATTACHMENT A
(Page 1 of 2)

Information to be included in UNG's response

1. Have the municipalities of Lafayette and Courtland been contacted about UNG's proposed expansion of its service area to include the Lower Sioux Indian Community (Lower Sioux)? If so, provide all communications between UNG, Lafayette, Courtland and the Lower Sioux.
2. Has UNG communicated to the municipalities of Lafayette and Courtland, and the Lower Sioux that the Commission has authority under Minn. Stat. § 216B.16, subd. 12 to ensure customers who receive incidental service outside the municipal boundaries of Lafayette and Courtland are being treated fairly? And that the Commission may investigate such service on its own motion or upon complaint, pursuant to Minn. Stat. § 216B.17? If so, provide an explanation of how this was communicated. If not, provide an explanation detailing why this has not been communicated to these customers.
3. Provide UNG's explanation for considering the proposed Lower Sioux load as "incidental" to its existing small gas utility exemption.
4. What State, Federal or Tribal Law is UNG relying on to conclude that service from UNG to the Lower Sioux would be exempt from Commission regulation? How does UNG's proposal meet the relevant legal requirements of Minn. Stat. § 216B.16, subd. 12?
5. Provide a full explanation of UNG's service proposal to the Lower Sioux, including the initial number of customers and, if known, the total number of potential customers within the Lower Sioux. Provide the projected volumes by customer that UNG is assuming in its financial studies.
6. Provide an explanation, including the underlying rate calculations and underlying cost assumptions, for the proposed rate structure that UNG proposes to charge the Lower Sioux and how these rates compare to the rates charged to the municipalities of Lafayette and Courtland, and the related "incidental" customers on that portion of its natural gas system.
7. Does the proposed Lower Sioux expansion provide positive benefits to UNG with respect to its overall financial stability, and relative to service UNG provides to the municipalities of Lafayette and Courtland? If so, provide an explanation of benefits to these customers.
8. Does UNG plan to provide natural gas service to other "incidental" load customers outside the Lower Sioux? If so, provide the customer count by customer class with associated volumes for each customer. Provide all communications with possible "incidental" customers, where UNG is soliciting their business, along with an explanation of UNG's outreach program to these customers.

ATTACHMENT A
(Page 2 of 2)

9. With respect to the proposed construction route for the pipeline from UNG to the Lower Sioux, has UNG contacted unserved municipalities located near the proposed route soliciting their business? If so, provide all correspondence between the parties. If not, provide an explanation as to why these municipalities have not been contracted. If the customers have indicated they would like service, but were denied service by UNG, provide an explanation for the denial.
10. Has UNG received any complaints about its service from its customers or the municipalities of Lafayette or Courtland? If so, provide those complaints and an explanation of how the complaints were resolved.
11. Has UNG communicated with its “incidental” service customers regarding their service rights? If so, provide all communication with those customers. How often does UNG plan to communicate with or notify these “incidental” customers regarding their service rights?
12. Provide UNG’s rate committee minutes for every meeting that has been held and an explanation of any rate changes that have been discussed or that were the result of these meetings.
13. Any other issues relevant to the Commission’s review of UNG’s request to expand its service to include the Lower Sioux Indian Community.